

THE
ECONOMIC JOURNAL
VOLUME XV

THE
ECONOMIC JOURNAL
VOLUME XV



THE
ECONOMIC JOURNAL

THE JOURNAL OF

The Royal Economic Society

EDITED BY

F. Y. EDGEWORTH AND HENRY HIGGS

VOLUME XV

London

MACMILLAN AND CO., LIMITED

NEW YORK: THE MACMILLAN COMPANY

1905

RICHARD CLAY AND SONS, LIMITED,
BREAD STREET HILL, E.C., AND
BUNGAY, SUFFOLK.

INDEX TO THE ECONOMIC JOURNAL

VOLUME XV

ORIGINAL ARTICLES:—

	PAGE
* * * The Economic Effects of Cattle Disease Legislation	156
Acworth, W. M., British Canals	149
Bastable, Prof. C. F., The Present Position of Irish Land Purchase	521
Chapman, Prof. S. J., Are Manufactures Unstable Internationally? . . .	186
Davidson, Prof. John, The Financial Relations of the Dominion of Canada and the Provinces	164
Dechesne, Laurent, Trade Unions in Belgium	527
Dietzel, Prof. H., Free Trade and the Labour Market	1
Evans, A. Dudley, British Railways and Goods Traffic.—Is Preference given to Foreign Produce?	37
Fisher, Lettice, The Town Housing Problem	23
Giffen, Sir Robert, K.C.B., Notes on Imports <i>versus</i> Home Production, and Home <i>versus</i> Foreign Investments	488
Gough, George W., The Wages Boards of Victoria	361
Haldane, Right Hon. R. B. (M.P.), Modern Logicians and Economic Methods	494
Hook, A., The Present Position of the Land Tax	374
Layton, Walter T., Argentina and Food Supply... .. .	197
Macrosty, Henry W., Prices and Speculation in the Iron Market . . .	340
Samuel, Herbert (M.P.), Immigration	317
Tillyard, R., Three Birmingham Relief Funds—1885, 1886, and 1905 . . .	505
Turner, Stanley Horsfall, Financial Aspects of Municipal Undertakings which Extend beyond the Municipal Boundaries	12

REVIEWS:—

Acworth, W. M., <i>The Elements of Railway Economics.</i> By Lynden Macassey	219
Alden, Percy, <i>The Unemployed. A National Question.</i> With a Preface by Sir John Gorst, M.P. By H. B. Lees Smith	404

REVIEWS (continued)—

	PAGE
Ashley, Percy, <i>English Local Government</i> . By Edwin Cannan	399
Ashley, Percy. <i>Modern Tariff History</i> . With a Preface by the Rt. Hon. R. B. Haldane. By H. O. Meredith.	57
Ashley, Prof. W. J., <i>The Progress of the German Working Classes in the Last Quarter of a Century</i> . By Paul Mombert	50
Baker, Julian L., <i>The Brewing Industry</i> . By Q.	407
Barrie, A. Maltman, <i>The Labour Day. Protection and Free Trade from the Workman's Point of View</i> . By H. B. Lees Smith	406
Brass-workers of Berlin and of Birmingham. By William Harbutt Dawson	553
Bucher, Carl, <i>Die Entstehung der Volkswirtschaft</i> . By C. F. Bickerdike ...	236
Carlile, W. W., <i>Economic Method and Economic Fallacies</i> . By C. F. Bickerdike	99
Carver, Prof. T. N., <i>The Theory of Distribution</i> . By Prof. F. Y. Edgeworth ...	71
Chapman, Prof. Sydney J., <i>The Lancashire Cotton Industry. A Study in Economic Development</i> . By F. J. Faraday	215
Chomley, C. H. <i>Protection in Canada and Australasia</i> . By Prof. A. W. Flux	54
Compatriots' Club Lectures. First Series. By L. L. Price	390
Cunningham, Prof. W., <i>The Growth of English Industry and Commerce in Modern Times. Part I. The Mercantile System. Part II "Laissez Faire."</i> 2 vols. By Prof. John Davidson	205
Cunningham, Prof. W., <i>The Rise and Decline of the Free Trade Movement</i> . By Prof. J. S. Nicholson	47
Cunynghame, H., <i>A Geometrical Political Economy. Being an Elementary Treatise on the Method of Explaining some of the Theories of Pure Economic Science by Means of Diagrams</i> . By Prof. F. Y. Edgeworth ...	62
Donisthorpe, Wordsworth, <i>True Money</i> . By Henry S. Furniss	401
Drage, Geoffrey, <i>Trade Unions</i> . By H. B. Lees Smith	569
Dunbar, Prof. Charles Franklin, <i>Economic Essays</i> . Edited by O. M. W. Sprague. With an Introduction by Prof. F. W. Taussig. By Prof. W. J. Ashley	226
Dundee Social Union. <i>Report upon Housing and Industrial Conditions and Medical Inspection of School Children</i> . By Mrs. Lettice Fisher	552
Eleventh Special Report of the Commissioner of Labour. <i>Regulation and Restriction of Output</i> . By David F. Schloss	558
Ely, Richard T., and George Ray Wicker. <i>Elementary Principles of Economics</i> . By L. L. Price	72
Evas, Alfred Dudley, <i>British Railways and Goods Traffic. Is the Foreigner Preferred?</i> By W. M. Acworth	556
Ferri, Prof. Enrico, <i>The Socialist Library. I.—Socialism and Positive Science</i> . Translated by Edith C. Harvey. By Sidney Ball	410
Fetter, Prof. Frank A., Ph.D., <i>The Principles of Economics</i> . By L. R. Phelps ...	225
<i>Fiscal Reform</i> . By Henry S. Furniss	402
Fuchs, Prof. Carl Johannes, <i>Zur Wohnungsfrage</i> . By C. F. Bickerdike ...	550
<i>Gold, A Corner in, and our Money Lams</i> . By Leonard Darwin	223
Goschen, The Right Honourable Viscount, <i>Essays and Addresses on Economic Questions (1865-1893), with Introductory Notes (1905)</i> . By L. L. Price	535
Hallett, T. G. P., <i>Free Trade versus Protection</i> . By Henry S. Furniss ...	402

REVIEWS (continued)—

	PAGE
Hatfield, E. R. (edited by), <i>Lectures on Commerce</i> . Delivered before the College of Commerce and Administration of the University of Chicago. By Prof. W. J. Ashley...	74
Henderson, Charles Richmond (assisted by others), <i>Modern Methods of Charity</i> . By Mrs. Helen Bosanquet...	97
Hirst, Francis W., <i>Adam Smith</i> . By E. S. Moor ...	101
Hirst, Francis W., <i>Monopolies, Trusts, and Kartells</i> . By Henry W. Macrosty...	566
Hunter, Robert, <i>Poverty</i> . By Helen Bosanquet...	97
Jaffé, Edgar, <i>Das Englische Bankwesen</i> . By F. E. Steele ...	231
Jevons, H. Stanley, <i>Essays on Economics</i> . By Philip H. Wicksteed ..	570
Kaufmann, Wilhelm, <i>Welt-Zuckerindustrie (Fiskalische Vorzugsbehandlung, Kartelle) und Internationales und Koloniales Recht</i> . By E. Cozens Cooke ...	416
Knoop, Douglas, <i>Industrial Conciliation and Arbitration</i> . With an Introduction by Prof. Sydney J. Chapman. By L. L. Price ...	381
Kramer, Stella, <i>The English Craft Gilds and the Government</i> . By Mrs. Lilian Knowles ...	543
Kundt, Dr. Walther, <i>Die Zukunft unseres Überschandels. Eine volkswirtschaftliche Studie</i> . By Henry W. Macrosty ...	232
Leener, G. de, <i>Les Syndicats industriels en Belgique</i> . By Hélène Reinherz...	91
Liesse, Prof. André, <i>La Statistique ses difficultés, ses procédés, ses résultats</i> . By A. L. Bowley ...	412
McCleary, G. F., <i>Infantile Mortality and Infants' Milk Depôts</i> . By Miss B. L. Hutchins ...	211
Macdonald, J. Ramsay, <i>Socialism and Society</i> . By H. B. Lees Smith ...	568
Manes, Alfred, <i>Versicherungswesen</i> . By F. Colenso ...	418
Méline, Jules, <i>Le Retour à la Terre et la Surproduction industrielle</i> . By Charles Gide ...	539
Meredith, H. O., <i>Protection in France</i> . By Prof. Charles Gide ...	44
Methuen, A. M. S., <i>England's Ruin</i> . By Henry S. Furniss...	402
Nicholson, Prof. J. S., <i>Rates and Taxes as affecting Agriculture</i> . By C. F. Bickerdike ...	549
Nicholson, Prof. J. S., <i>The History of the English Corn Laws</i> . By Prof. F. Y. Edgeworth ...	60
Nitti, Prof. F. S., <i>Principes de la Science des Finances. Traduction française de J. Chamard de Principi di Scienza delle Finanze</i> . With Preface by A. Wahl. By Prof. C. F. Bastable ...	412
Pigou, A. C., <i>Principles and Methods of Industrial Peace</i> . By L. L. Price ..	381
Quaintance, H. W. <i>The Influence of Farm Machinery on Production and Labour</i> . By H. Rider Haggard ...	86
Ripley, Prof. William Z. (edited with an Introduction by), <i>Trusts, Pools, and Corporations</i> . By Henry W. Macrosty..	234
Rogers, Arthur G. L., <i>The Business Side of Agriculture</i> . By H. Rider Haggard ...	86
Ross, Prof. E. A., <i>Foundations of Sociology</i> . By Sidney Ball ...	408
Rost, Bernhard, <i>Über das Wesen und die Ursachen unserer heutigen Wirtschaftskrisis [Volkswirtschaftliche und wirtschaftsgeschichtliche Abhandlungen, herausgegeben von Prof. Stieda: N.F., Heft 2]</i> . By Prof. W. J. Ashley ...	229

REVIEWS (continued)—

	PAGE
Schallmayer, Wilhelm, <i>Vererbung und Auslese im Lebenslauf der Völker. Eine Staatswissenschaftliche Studie auf Grund der neueren Biologie.</i>	
By J. Bonar	239
Schullér, Richard, <i>Schutzzoll und Freihandel.</i> By C. F. Bickerdike	413
Scott, W. R. (edited by), <i>The Records of a Scottish Cloth Manufactory at New Mills, Haddingtonshire, 1681-1703.</i> By Robert S. Rait	213
Sellers, Edith, <i>The Danish Poor Relief System: An Example for England.</i>	
By Mrs. Helen Bosanquet	94
Siebeck, Oskar, <i>Der Frondienst als Arbeitssystem. Seine Entstehung und seine Ausbreitung im Mittelalter.</i> By Miss Helene Reinherz	94
Stillich, Oskar, <i>Eisen- und Stahl Industrie.</i> By Henry W. Macrosty	88
Tarbell, Ida M., <i>The History of the Standard Oil Company.</i> By Henry W. Macrosty	564
Taussig, Prof. Frank W., <i>The Present Position of the Doctrine of Free Trade.</i>	
By Prof. F. Y. Edgeworth	209
Toronto, University Studies. <i>History and Economics.</i> By Prof. A. W. Flux	224
Vinogradoff, Prof. Paul, <i>The Growth of the Manor.</i> By Lilian Knowles	394
Vorst, Mrs. John Van, and Marie Van Vorst, <i>The Woman who Tuts.</i> By Katharine Conan	80
Webb, Catherine (edited by), with a Preface by L. L. Price, <i>Industrial Co-operation. The Story of a Peaceful Revolution. Being an Account of the History, Theory, and Practice of the Co-operative Movement in Great Britain and Ireland.</i> Prepared for the Co-operative Union by the Southern Co-operative Education Association. By J. Bonar	98
Weston, Stephen F., <i>Principles of Justice in Taxation (Studies in History, Economics, and Public Law).</i> By Prof. T. N. Carver	77

NOTES AND MEMORANDA :—

Barlow, Montague, The Economic Legislation of 1904	111
Barlow, Montague, The Economic Legislation of 1905	595
Bastable, Prof. C. F., The Budget of 1905	246
Bear, William E., The Fruit Industry of Great Britain	427
Bowley, A. L., Note on the Statistics of the Woollen Industries	584
Bowley, A. L., Economics in South Africa	590
Castelot, E., High Prices of Sugar	104
Chapman, Prof. S. J., The Report of the Tariff Commission	420
Cohn, Prof. G., Political Economy in Germany	600
Dawson, William Harbutt, The German Commercial Treaties	107
Dawson, William Harbutt, The German Workmen's Secretariates	448
Dawson, William Harbutt, Dresden Workingmen's Budgets	266
Flux, Prof. A. W., Improvements and Rentability	276
Macaulay, John, Report of the Royal Commission on Coal Supplies	267
Pigou, A. C., Professor Dietzel on Dumping and Retaliation	436
Podmore, Frank, Robert Owen and Cooperation	257
Report of the Royal Commission on Supply of Food and Raw Material in Time of War	609
Schloss, David F., "Gain-sharing" in Germany	574
Smith, H. B. Lees, The Unemployed Workmen Bill	248

INDEX

ix

NOTES AND MEMORANDA (continued)—

	PAGE
Soyeda, Jiuchi, Letter from Japan	121, 284, 448
Vivian, Henry, Co-partnership in Housing	254
Weiner, A., Jewish Industrial Life in Russia	581
Wicksteed, Philip H., Jevons's Economic Work	432

OBITUARY:—

Davidson, Prof. John	454
Fowler, William	617
Frederiksen, Prof. N. C.	620
Harvey, Alfred Spalding	288
Helm, Elijah	128
Juglar, Clément	293
Nazzari, Emilio	126
Petritsch, Leo	298

RECENT OFFICIAL REPORTS AND OFFICIAL PAPERS

115-120, 282-284, 616-617

LABOUR NOTES 131-133, 301-303, 625-632

CITY NOTES 128-131, 299-301, 621-625

NOTES ON CURRENT TOPICS... .. 134-138, 303-306, 632-637

RECENT PERIODICALS AND NEW BOOKS 139-147, 307-315, 638-649

THE ECONOMIC JOURNAL

MARCH, 1905

FREE TRADE AND THE LABOUR MARKET

IN England the war between Free Trade and Protection rages mainly over the question : which of the two fiscal systems is the most effective means to increase employment and to raise wages? A second no less important question is : which of the two systems offers the best security for the stability of the labour market—under which will the fluctuations be reduced to a minimum?

This question of stability is in Germany more usually placed in the foreground. Our Protectionists say : Under Free Trade the workman profits as consumer ; but as producer he suffers. But in whichever way the influence of the two systems on employment and wages be decided, it is certain that Free Trade tends to make them more fluctuating. For, in the first place, there is a greater danger of “ dumping ” from foreign countries, and in the second, there is greater risk of crises in the home market. Under Protection the risk of a disturbance of the labour market is less ; stability is better secured. The greater the importance of the national market, as a result of Protection, the more stable will be the economic conditions. On the other hand, the greater the importance of the international market, the more frequently will stability be disturbed. Since the working-classes suffer the most from commercial disturbances, they are the natural supporters of protectionist principles.

I.—*The “ dumping ” argument.*—Two cases must be distinguished, that of occasional, chance dumping, and that of continuous, deliberate dumping. The former occurs whenever, and as soon as, there is over-production in foreign countries ; the latter

forms a chronic phenomenon, due to the fact that trusts in Protectionist countries are able to sell at lower prices to the foreigner and at higher prices to their countrymen. It seems to me that in England these two cases, each of which demands separate consideration; are insufficiently distinguished.

(a) As regards the first kind there is no doubt that under Free Trade it must occur from time to time. The only question is whether Protection affords a remedy. A *prohibitive* tariff undoubtedly obviates the danger. And with tariffs such as those of the United States, Russia, and, to some extent, France—i.e., duties of 40, 50, 60, and more per cent. *ad valorem*—the probability of the market being flooded by the surplus goods of foreign countries is proportionately small. But a system of Protection such as is under discussion in England, and such as exists in Germany, i.e., a system with duties of 10 to 15 per cent. *ad valorem*, does not in any sense obviate the danger of *overproduction* dumping. The foreigner knows that such a tariff exists, for example, in Germany, and that exportation to Germany is made more difficult by this advantage of 10 to 15 per cent. possessed by the home produced goods over the foreign. Hence he produces less for the German market than he would under Free Trade. He knows the normal demand of the German market, and has the most pressing interest not to oversupply it. But the foreigner may miscalculate: overproduction may occur for one reason or another. And should the prices in his country fall below their normal level, the duties in the *Protectionist* country must lose their protecting power. Suppose, for example, that England imposes a duty of 10 per cent. on iron, then Belgium in future will produce and export less for England than hitherto; but if as a result of overproduction in Belgium there is a fall of prices in Belgium, then an extra quantity of goods will be sent to England, and, consequently, the English iron trade will be disturbed. A *moderate* system of Protection affords no security that the floods due to overproduction in other countries will not wash over the tariff wall.

But is not the danger much greater under Free Trade? Is it not always imminent under Free Trade, while under Protection it is only occasionally effective? It is repeatedly said that a Free Trade country is the "dumping ground of the world." Should there be a surplus of goods anywhere on the earth, the stream of them flows by its own force into the Free Trade country, for here there are no duties to pay! In this argument, however, two points are forgotten.

In the first place it would be folly for the producers to send

the whole mass of their surplus goods to a single market—that would be to ruin their own prices. They attempt, on the contrary, to spread the supply over different countries, and especially to direct it to the place where, for the time, the price is highest. It is possible that the highest price for the time may be in the Free Trade country, as, for example, was the case in England after the outbreak of the Transvaal War for the products of the iron and textile industries. But then dumping is no misfortune! For, in this case, it is caused by a prevailing *scarcity*. In this case the *normal* rate of employment will not be decreased. The dumping is rather a benefit, it prevents the employers and workpeople of the industries, which for the time cannot supply the demand, from making abnormal profits out of the "boom"; further, it prevents these industries from temporarily absorbing home capital and labour, only to cast them off again when the deficiency is supplied. In this case, therefore, the dumping favours stability.

In the second place it is forgotten that a Free Trade country is protected against the danger of dumping by the fact that in it, under normal conditions, the prices of all home produced goods are *lower* than elsewhere. Foreign competition exercises a wholesome compulsion on a Free Trade country, obliging it to carry on only those industries for which it is best qualified, to manufacture only such goods as can be produced in it at a lower cost than elsewhere, and can be brought to the market at lower prices than by any other country.

Thus a Free Trade country is naturally protected against the danger of dumping. In Protectionist countries, it is true, the duty must be paid; but if the price of the protected goods is higher by the amount of the duty than in the Free Trade country, the danger of dumping will be *exactly* equal in the Protectionist and in the Free Trade country.

(b) Let us pass now to the second case. *Overproduction* dumping is an acute evil, like an intermittent fever, to-day raging, to-morrow again extinguished. *Trust-dumping*, on the contrary, at least under certain circumstances, is a chronic phenomenon. It may happen that the trusts of Protectionist countries sell *permanently* on the foreign markets at prices which are perhaps below the actual cost of production. The influence of this systematic trust-dumping is quite distinct from that of the accidental overproduction-dumping. The latter has for result that occasionally certain English industries are disturbed; from time to time, owing to a suddenly increased pressure of foreign competition, there is a fall of prices for certain English goods, and the employer's

profits and the workman's wages are decreased. *Trust-dumping* has, on the contrary, for result that England is forced to *abandon* certain branches of trade, or can only carry them on on a permanently smaller scale than before. Thus, for example, the English sugar industry was permanently injured by the dumping of the Continental sugar trusts. Supposing the German, Belgian and North American iron trusts to carry on a similarly persistent dumping of iron, steel, and half-wrought goods to England, she would find herself obliged permanently to decrease her production of these articles; English capital and labour would be forced to seek other employment. But from the point of view of stability this effect of *trust-dumping* would be in no way deplorable. The stability of English industry would not be disturbed in the long run; at least, in no greater degree than it was disturbed by the fact that the French silk industry was superior to the English, and practically ruined the latter after the removal of the silk duties. As the fluctuations in the English industry were not increased by the permanent competition of cheaper French silks, so they would not be increased by the permanent competition of cheaper iron, steel, and half-wrought goods.

Looked at, then, from the standpoint of stability, *trust-dumping*, just because it is a chronic phenomenon, is no evil; and further, it is no evil looked at from any other standpoint—at least, not for the country which suffers the dumping, but only for the *Protectionist* country which permits its trusts thus to squander the national goods. *Trust-dumping* is, in fact, only a tax imposed by the trusts on their own countrymen for the benefit of the foreigner. It does not permanently restrict the quantity of employment of the English working-classes as a whole; it leads only to this, that instead of those fields of employment, narrowed by the *trust-dumping*, other ones are opened. If England buys German iron, &c., cheaper, just so much the cheaper can she produce finished manufactures of iron—tools, machines, ships—and thus compete more effectively than hitherto with the *Protectionist* countries on the world's market and on their own markets. It is no loss for England, but a *gain*, if she need expend less national labour in order to provide herself with raw material and half-wrought goods; it is a gain if she can pay for her imports with fewer exports than hitherto! So much more home labour will be available for other forms of production; so many more goods, which had formerly to be sent abroad, can be now enjoyed by herself. In truth it is a strange sort of dread, the dread of cheapness!

If it is to the economic interest of England to buy foodstuffs

and wood from the foreigner with the expenditure of less national labour than would be required to produce these things at home, no less is it to her economic interest to obtain iron, &c., at lower prices than she could do if she produced it herself. English labour is not rendered inefficient by foreign iron, artificially cheapened by trusts, any more than it is by foreign foodstuffs and wood, which from natural causes can be obtained more cheaply from abroad. It is merely that a displacement is effected within the English industrial system. A displacement, thanks to which there results a saving of labour; an increased productivity, through which employment is not diminished, but wages are raised.

In conclusion let me only remark that the possibility of trust-dumping, the possibility of obtaining goods cheaper at the expense of the foreigner, is greatly overestimated. Persistent trust-dumping on a large scale is only conceivable under exceptional circumstances, as, for example, those of the Continental sugar trusts, on account of the Government bounties. In the case of the large quantity of iron, steel, and half-wrought material brought to the British market by the United States after 1897, by Germany after 1901, and again by the United States since the end of 1903, the surplus import has been due only in a small proportion to the Protectionist systems of these countries, and to the trusts which flourish under them. For the most part it has been more a matter of overproduction-dumping, against which, as I repeat, *moderate* tariffs cannot prevail.

High tariffs, such as, *e.g.*, those imposed by America, undoubtedly obviate the danger of both kinds of dumping. So far, certainly, the interests of stability are served by Protection. On the other hand a much worse danger results from it; the higher the tariff, the more probable it is that national crises will seriously, and for long periods, disturb the labour market.

II.—*The Crises Argument*.—At the time of the Anti-Corn Law League it was a matter for active dispute in England whether Free Trade or Protection gave the better security against fluctuations in the conditions of labour. This question was then a burning one, for the "industrial cycle" had often enough passed round since 1815, and often enough had a period of rapidly growing prosperity been followed by years of depression in which the most important English industries were inert; bankruptcies multiplied and pauperism increased to an alarming degree. It was then that Carlyle uttered vigorous denunciation of the uncertain existence of the modern artisan, who lives like a gambler, in luxury to-day, in want to-morrow.

The Protectionists asserted that these fluctuations must be traced back chiefly to the connection of the English industry with foreign markets. The international market was much less stable than the home market. If, even at present, in spite of the restriction of foreign trade, the labour market suffered such extensive and violent disturbances, how much more would this be the case with Free Trade.

The Free Traders declared the opposite to be true. Under such circumstances the course of the industrial life would be more even and more secure. The main cause of the disturbances was really to be found in the system of corn duties. On the one hand the high corn duties, on the other the sharp and frequently sudden changes in them, resulting from the sliding scale. The more freedom allowed to foreign trade, the freer from disturbance would be the English industrial system. Some optimists even persuaded themselves that after the adoption of the Manchester programme there would be no longer any question of starvation for those able to work.

This optimistic prophecy was certainly unfulfilled. The market continued to rise and fall after the abolition of the corn duties and the remaining barriers. Nevertheless the statement that the course of industrial life would be more even and more secure than it had been hitherto, has been completely justified. Cobden's theory concerning the fluctuations of the conditions of labour has received from the course of events an inductive proof which has been as convincing as could be desired. In the second half of the nineteenth century only one severe general crisis has occurred, that of 1857. For the rest, there are merely depressions to be mentioned, which have cut much less deeply into the nation's economic system, and have passed over much more rapidly, than the crises of the first half.

So much stress is laid, in England, on the point that Free Trade has not fulfilled what it promised. The majority of countries have remained Protectionist! The era of universal peace has not arrived! This is true. The Manchester party should have avoided such prophecies concerning the influence of the English tariff reform on other countries. But, if they are reproached with this, it ought, on the other hand, to be emphatically stated that they foretold accurately the internal effects of tariff reform, its influence on the industrial life of England herself. "Cheap bread, high wages." Free Trade has kept *this* promise. And also that regarding *stability*; the disturbances have for a long time been neither so extensive nor so violent as formerly, when

English agriculture and industry were protected by Chinese walls from the "undesirable aliens."

It is not my concern to examine at present how Free Trade raises wages. I will only briefly consider how Free Trade equalises the labour market, in what manner this system banishes the worst horrors of industrial crises.

First, to glance for a moment at Free Trade in corn. The Manchester party no doubt passed over too lightly other features which played a part, and sometimes a leading one, in the crises of the first half of the nineteenth century. They were inclined to lay all the blame on the system of corn duties. So far, however, they were justified that it was in the nature of this system to cause fluctuations in the conditions of labour, and in particular to accentuate fluctuations which arose from any other cause. A country that chooses to produce its food and agricultural raw material from its own land is at the mercy of its own harvests. Each rise or fall on the price of agrarian products causes a movement in the contrary direction in the demand for industrial products. The demand for industrial products goes up and down with the increase or decrease in the national harvest. Even before 1846 England was in no sense isolated from the rest of the world. But at that time the conditions of British industry depended mainly on the varying production of British agriculture. England supplied the main portion of her agricultural demand through her own products. She offered no regular market to the Continent, but one which was only open from time to time on account of abnormal prices. Hence the Continent could not regulate its production with regard to any steady demand from England. The consequence was that England, after a bad harvest, was forced to import the deficit at much higher prices than she would have had to pay under a system of free exchange with the Continent. Moreover, after a good harvest, England could not dispose of her surplus, for the English corn prices in normal years were much higher than the Continental ones; before export was possible there must be an enormous fall.

Supposing now a succession of good harvests, and several years with exceptionally low corn prices, the English people could then buy many more manufactures than before; the result would be an industrial "boom." If, then, several bad harvests followed, with exceptionally high corn prices, the national purchasing power for manufacturers would be rapidly diminished, and a crisis would result. The national harvests were to blame in a much greater degree than is generally admitted with the perpetual and sudden changes of English economic life.

When England made herself a free market for the agrarian products of all countries, her industry became more and more dependent on the results of the world's harvest. But the world's harvest fluctuates much less than the national harvest—especially than that of a country like England. The price of agrarian products in England became much more stable; the demand for manufactures much more regular. For from that time the farmers of the *whole world*, instead of the farmers of England, were the principal customers of British industry. If the harvest of America were smaller, those of Russia, Germany, &c., were greater. If the former bought fewer manufactures, the latter bought more.

This regulating influence, which shows itself most obviously when Free Trade in corn is regarded, is possessed by Free Trade in general. While Protection increases the fluctuations in the conditions of labour, Free Trade acts as a preventive, and as a palliative of such fluctuations.

(a) The danger of crises in the home market is greater under Protection.

The higher the tariff the smaller, it is true, is the danger of dumping; so far Protection favours stability. But there is another side to the medal: foreign competition will also be kept away when, from the standpoint of stability, its intervention is to be desired.

The higher the tariff the more completely can the home manufacturer secure for himself the benefit of a period of national prosperity; but, on the other hand, the more severely is he injured by the misery of a depression. The higher the tariff, the higher can be the rise of prices of protected goods; but so much the worse will be their fall.

The lower the tariff, the sooner will foreign competition restrain any tendency to excess, the more certainly will it prevent a "boom," with its attendant overproduction. As long as foreign goods, capital and labour enter, it is true that the home employers, capitalists and labourers cannot secure the whole of the gain from the prosperous period; but neither will they suffer the whole of the loss from the depression. The upward movement, thanks to increased importation, cannot go so high, but neither can the decline go so low.

The higher the tariff the greater the danger that the home manufacturer will sin through overproduction. The lower the tariff the greater the probability that the overflow from abroad here will serve as a preventive to overproduction and hence to a crisis.

In the strongholds of Protection—in America and Russia—the

contrast between ebb and flow is much more marked than in England, Germany, &c. When a period of prosperity occurs in a *régime* of high Protection there will be a violent inflation in the favourably situated industries. The consumers are obliged to buy from them—as in former times the customers from the guild inasters. The level of prices, profits, wages, rises enormously to sink again in like degree.

When a period of prosperity occurs in a Free Trade region there will be a rise of prices, profits, and wages, but in not nearly so great a degree as in the protected regions. Energy is at once employed throughout the world to work towards the restoration of the disturbed equilibrium between demand and supply, and hence to prevent the waves rising too high. Foreign competition, like oil poured on the sea, moderates the tide of the national industrial system.

(b) The danger of crises is greater under Protection; the crises will be more severe and persist longer. Protection has not only, as already explained, a tendency to produce crises, but also a tendency to intensify and to prolong them, for this reason, that it hinders the surplus resulting from overproduction on the home market from dispersing itself on the world's market.

The higher the tariff the greater the probability that the surplus goods cannot be got rid of abroad, but must be absorbed by the home demand. The lower the tariff, the greater the probability that the relief of the home market will be attained quickly. For the lower the tariff the less are the prices of protected goods on the home market likely to exceed those on the world's market. But the smaller this difference the smaller need be the fall of prices of the protected goods in the case of overproduction; and so much the smaller is the fall of prices sufficient to enable the surplus to compete on the foreign markets.

The higher the tariff the more may the prices on the home market differ from those on the world's market. But the greater this difference the more must the prices be forced down in case of overproduction, and so much the greater is the fall of prices necessary to enable the surplus to compete on the foreign markets.

In Free Trade countries, as in Protectionist countries, overproduction may occur. The most effective cure for the disease results from an increased exportation. In regions without duties or with moderate protection this unburdening process works more quickly and at less cost. In highly protected regions it is delayed and is more expensive. Quick restoration of the disturbed equilibrium between demand and supply is much more easily effected

under Free Trade than under Protection. A crisis occurring in America or Russia has much more far-reaching effects than in England, Germany, &c.

The theory that Protection acts as a preventive of crises is mere absurdity; the extent of fluctuations in the conditions of labour is increased by this system. The higher the tariff and the more the home market is monopolised by the home employer, so much the greater is the danger that overproduction will take place, which leads to a crisis, and so much the greater is the danger that a severe and prolonged crisis will exhaust the industrial system.

The lower the tariff the greater the chances that the inclination to overproduction will be stifled at birth, for as soon as there is a rise in prices, and with it a temptation to overproduction, the "inlet valve" begins to work, importation increases, and the damper is put on; the greater the chances that if, notwithstanding, overproduction should occur, it will quickly disappear, thanks to the "outlet-valve"—i.e., to increased exportation.

Under Free Trade crises may also occur; this system cannot guard against miscalculation on the part of the manufacturers. But the probability that the crises will not attain to any high degree of intensity and persistence is, under this system, the greatest conceivable.

The Chamberlain party, which prefers to use social arguments, should consider that should it succeed in raising Protection from the dead, it would renew the danger of crises. A tariff of 10 per cent. on foreign manufactures would indeed alter but little the existing conditions. But, *ce n'est que le premier pas qui coûte*, the 10 per cent.—so things have gone with us in the matter of agrarian protection—soon becomes 20, 30 per cent., and in proportion as the tariff wall increases, increases also the probability of fluctuations in the conditions of labour, and the probability of sudden changes on the labour market from over-excitement to inertia.

At the present time the stability of industrial conditions in England is as great as it can be, so far as it depends on the fiscal system. There is an epitaph: "I was well; I wished to be better, and here I lie"; so far as I can judge, the English, should they adopt Protection, will resemble the man who described his action in these melancholy words.

Which way the lot will fall a foreigner cannot foretell. He may, however, in the interest of his own nation, express the hope that England will continue her old policy. For it would be an injury to Germany also should the era of crises return for

England. The regulating influence of her Free Trade benefits us as well as herself. Should England change her policy Germany also would feel the disturbing effects of the Protectionist system in England, with its destructive influence on the stability of the industrial conditions, just as in the first half of the nineteenth century. On the contrary, should England remain true to the old principles the vigour of the Free Trade movement in Germany also will be increased, in the common interest of both countries.

H. DIETZEL

UNIVERSITY, BONN.

FINANCIAL ASPECTS OF MUNICIPAL UNDERTAKINGS WHICH EXTEND BEYOND THE MUNICIPAL BOUNDARIES

RECENT developments of municipal activity in the domain of industry have brought into prominence many financial questions which could scarcely have arisen a generation ago. One of these, which is the subject of the present paper, arises from the fact that in very many cases municipal areas have little or no claim to be the natural units for industrial undertakings. Hence there arises a number of issues respecting the financial relations of localities to one another which it is by no means easy to decide.

Already they are a constant source of trouble to many cities, and unless some solution is arrived at, the friction in the future must be still greater and will militate against efficient management. The present writer makes no pretence of having reached such a solution, and the object of this paper is rather to bring out the difficulties than to advocate a scheme.

It is unnecessary to show in detail how ill-adapted many municipal areas are to the work which they are undertaking. It is a matter of common experience that their boundaries are too artificial to be used as the limits of the area of service, particularly in such enterprises as water-supply and tramways. One finds suburban districts outside the jurisdiction of the municipal authority, which are precisely the places which should be supplied with water or electric light by the same body and from the same source as the city; and tramways should certainly connect them with the centre. But if the services are performed by the municipality there is an overlapping of function in the suburban areas which may at any time be a source of discord. One of the common arguments for municipalisation, viz., that where an industry involves interference with the streets, it should be undertaken by the authority which manages the streets, seems here to break down. For the most ardent advocate of municipalisation would not urge the minor localities about a large city to manage their

own tramways in preference to granting powers to the city council to run over their streets. Yet here the authority interfering with the roads is no more the authority which manages them than if a private company were carrying on the tramways.

Under present conditions it is quite absurd to expect a municipal industry to be circumscribed by the administrative area. The common, but inexact phrase, "natural municipal monopolies," should not lead us to the belief that the natural area for the monopolies is the municipality. That area was not selected because of its suitability to such undertakings, and often enough it is as unsuitable as can well be imagined; and so, whether by direct grant of powers by Parliament, or by purchase of private undertakings which were not restricted to the single area, the extension of municipal activity beyond the municipal boundaries is at present proceeding very rapidly. To one who has experienced the inconvenience of getting off a car and walking a quarter of a mile across the boundary before coming to the track of the next authority, the demand for common management by some means or other will seem quite reasonable. Even where two large towns with able administrators are quite contiguous, the necessity for a unified management of some of the undertakings is no less marked. And a different but equally important case is where two large cities are not contiguous, but merely separated by a strip of country under the authority of an urban or rural district council. Here it is usually very desirable that the lines of the one city should continue beyond its boundaries quite up to the lines of the other city, in order to provide for through passengers. Tramways here are used merely as an illustration; an equally strong case could be made out in regard to water supply, or telephones, and often in regard to such "unproductive" work as sewage disposal. The case of telephones, indeed, is particularly instructive, for the Government in its grants to the National Telephone Company has mapped out the whole country into natural telephone areas, without regard to municipal boundaries, and in consequence it is usually the case that a number of areas are subsumed under one telephone area. And, whatever may be the future history of this industry in our country, it would be a retrograde step to take the artificial area of the municipality as the unit of service.

Mr. H. G. Wells¹ has expressed the difficulties which arise in some of these matters among the towns in the neighbourhood of the metropolis, and has suggested that the solution lies in a readjustment of areas to modern requirements. But while there is

¹ *Mankind in the Making*, Appendix I.

great force in his contention as the more heroic and possibly the more satisfactory plan, it is assumed for our present purpose that the areas will remain substantially as unsatisfactory as they now are, that the tendency for municipalities to trade beyond their own boundaries will continue and probably increase; and our chief concern is with the financial issues which such a condition of things involves.

It is, of course, quite open to the opponent of municipal trading to urge that here is an argument in favour of a regulated private company, which would not meet with the same difficulties as arise when a municipality trades beyond its own boundaries; and that there is some force in the contention is quite apparent to anyone who is acquainted with the wastefulness and inconvenience of separate enterprises in neighbouring towns which are too jealous of one another to work in harmony. This, however, is but one factor in the question of municipal trading, and we are not here concerned with the arguments for or against the general issue. We simply take the existing facts without inquiring into their justification.

Now it does seem at variance with every principle of local government that the whole of the financial risk involved in undertaking a service for a very much larger area than the general administrative one should yet fall entirely upon the administrative area.¹ And in this connection we should bear in mind that statements of municipal indebtedness may suggest false conclusions, because a careful examination would show that a considerable and increasing section of their capital outlay is in adjacent areas, which are not under municipal control. The debt per head of the population of Glasgow, for instance, regarded as a burden, is misleading when much of that debt is due to tramways, gas, water, and telephone services extending in all directions and to large communities which do not appear in the statistics of area or population of Glasgow. And, incidentally, it is worth observing that the proposal which has found favour in certain quarters for limiting the borrowing powers of a city for reproductive works to a percentage of the valuation of the city, meets its greatest difficulty here. Certainly the risk is borne by the city alone, but that would not appear to be a sufficient reason for making the city's valuation the sole criterion of the amount which it may borrow, when a large part of the debt is for capital expenditure beyond the valuation

¹ It will be shown, however, at a later stage that there may be more risk in supplying the smaller area than in extending beyond the boundaries. The reduced cost of operation on a large scale might counterbalance the risk in many cases.

area. But it seems equally indefensible in theory that large sections of the community should be quite unrepresented on the body which controls the services within their area. Yet, under present conditions, this is not only a very common practice but it is every year becoming more usual. Nor is the difficulty met by saying that in such cases the municipality pays a sum as wayleave, or for maintenance of the streets outside its area, for generally it undertakes similar responsibility towards its own highways committee, and the questions of financial risk and representation are entirely unaffected by it. And these two questions are necessarily interdependent, since it would be equally at variance with sound principles for an outside area to participate in the risks if it does not also participate in the management of an enterprise.

How to escape from this dilemma is not at all obvious, and yet the necessity for coming to some adjustment becomes still more apparent when we raise the question of disposal of profits. If a municipality is making a surplus in relief of rates from a tramway system which supplies a large population not within its rating area, it may be viewed in some measure as the exploiting of such suburban populations for the benefit of the urban rates. But there is something to be said in favour of this, because the people who undertake the risk have some claim on the profits which may accrue, while those who are free from risk have no claim to participate in profits. Yet, again, there would seem to be good ground for safeguarding the suburban populations from such exploitation so long as they have no representation on the managing body. And it is to be noted that exploitation may exist even when no profits accrue, if the charges for the service outside the municipal area are higher than they are within it, in the absence of any special economic reason for differential charges, such as exceptional difficulty of laying down the plant. Hence, some towns have been forbidden in the Act which grants them powers from making lower charges to their own citizens than to persons outside their boundaries, so that in such cases a municipality cannot get any special compensation for risk from the persons who undertake no risk. In other places, municipalities do charge at a higher rate outside their areas, and seek to justify it as an insurance against risk of loss, generally adding that the minor authorities could not possibly have obtained so adequate a service at the price by their own independent exertions. Even the same town is forbidden differential charges in some industries, and is permitted them in others, much here depending upon the strength of the outside authorities, which may be able to resist the proposal for

differentiation. According as one of the elements of risk, representation or profit is uppermost in the mind the policy will vary. The safeguarding of the unrepresented appeals strongly to one : to another, the remuneration for risk ; and to a third the remuneration for trouble taken by the councillors of the municipality from which the smaller authorities are free. Some think that it is sufficient if the supply is more adequate and cheaper than these authorities could have obtained for themselves, and beyond that they should not expect to be treated equally with the ratepayers of the providing area. Stress is placed upon the fact that the municipalities borrow cheaper than the smaller places could do and that it is not proper for the latter to expect to reap the whole advantage of it. In many cases the outside districts have taken the initiative and requested the municipalities to supply them, sometimes even handing over undertakings which they had carried on with less success. It is by no means always the pressure of the owning authority which has expanded the area of supply. But as against this others affirm that it is only by supplying the larger area that the municipality can serve itself at so cheap a rate through the economy of large production. It is not a very serious item in the cost of a water course from a lake fifty or more miles away, to make it adequate enough for an outside population as well, and the result will be lower charges within the municipal area as well as beyond it. Yet somewhere among these divergent claims a balance has to be struck, and the relative strength of the different arguments will vary according to the character of the service and according to the local circumstances.

In respect to representation a few experiments have been made. Apart from the full remedy of extension of areas - which in many cases is obviously desirable and is being brought about gradually by the extended operation of municipalities--supplying water, gas, trams, and electricity to minor authorities and leading up to complete absorption ; but which in other cases might raise difficult questions of administration in matters that are best treated locally on a small scale--there are a few cases in existence where the authorities concerned have jointly appointed an *ad hoc* body. Such bodies are usually composed of representatives of the councils themselves, are not popularly elected for the specific purpose, and do not report to any superior authority, as a tramway or water committee of a town council does. The Water Trust, and the Gas Trust for Edinburgh, Leith, and district may be cited as instances of this class,¹ but the system is not very com-

¹ See Miss Atkinson's *Local Government in Scotland*, p. 140.

mon or very satisfactory in remunerative undertakings, and even in the Edinburgh district it has not been adopted for the recent undertakings of tramways and electric lighting. Such a separate body for each function is not only cumbersome but it takes the responsibility of the representative too far away from the elector and tends to lack of interest in such municipal affairs. But if profits were made under such a system, or if losses were sustained, it should not be impossible to allocate them on some intelligible principle among the various rating authorities concerned; though in point of fact it is usually provided under a system of joint management that there shall be no profits, and the trusts deal directly with the citizens of the whole composite area without the intervention of the local councils. But the difficulties which such a system has to meet vary considerably from subject to subject. It often obtains in unproductive works, such as lunatic asylums and systems of main drainage; and the Derwent Valley Water Scheme supplies us with an illustration in which it is difficult to see how anything but joint management is feasible. But the difficulties in the case of a tramway would be very much greater, possibly requiring an elaborate method of adjustment similar to that of the railway clearing-house. Probably the jealousy of adjoining local authorities, however, would be the chief stumbling-block to successful joint working, and in practice it is found much easier in most cases to come to terms for one authority to supply the smaller localities.

But if such a system of *ad hoc* bodies is not possible in many cases, there is the other obvious course, of allowing representatives of the outside areas to sit on committees of the council which administer undertakings extending beyond the city boundaries. But this, although it might give satisfaction in some cases, raises a crop of questions of its own, and would not appear to settle the whole of the financial issues. It leaves untouched the question of risk, for it may be doubted whether the suburban authorities will accept that as involved in their share of management, and usually it would merely result in the representative doing his utmost for the lowering of charges in his own locality without much regard to the interests of the whole area. And one cannot see how it could make any real difference in the question of profits, except that an outside representative would uniformly be opposed to a profit-making the results of which his district could not share. But a further difficulty would arise from the fact that the area of supply in some undertakings is becoming so wide that it would be quite impossible to give every local authority affected

even a single seat on the committee without that committee becoming very unwieldy; for the city itself would always demand a majority of the members. Those who prefer things in the concrete might, for instance, study in this connection the tramways or telephones of the Glasgow Corporation. And so we seem to be driven to the conclusion that in the absence of very great readjustments of boundaries in accordance with the newer economic conditions, there is no feasible plan of giving effective participation in the work to outside areas. In some cases where the conditions are particularly suitable, a slight outside representation on the committees whether by co-option or otherwise, might prove advantageous; in other cases, it is difficult to see how, consistent with efficiency, even this could be conceded. And in any case such representation does not settle the financial difficulties which await solution.

Hence we may turn to what is generally thought to offer more encouragement, viz., the possibility of an adjustment of interests by regulating a corporation trading beyond its boundaries in a manner similar to the regulations imposed on a private company performing a similar service. How far it would be possible for the Local Government Board, for instance, to see that effective regulations were introduced into private acts and provisional orders is not, however, very clear. In some cases it is possible to reduce difficulties to a minimum by supplying in bulk to other local authorities. In the case of water, for instance, the minor authorities may possess the distributing plant within their respective areas and purchase in bulk the water they require. But while electricity may also be supplied in bulk, it is difficult to see how the system can be applied to tramways, where the rolling-stock and through traffic would have to be dealt with. In many cases a single line of tramways goes through half-a-dozen or more areas, and the supply of power becomes of less importance than other factors requiring unified management. No general principle can be laid down regarding supply in bulk; but it may be a very useful condition in certain cases.

It has sometimes been urged that the best solution is to forbid a municipality making a profit from any of its enterprises. In that way it is thought that the question of injustice to external areas cannot arise. But there are many reasons why such a hard and fast rule should not be made,¹ even if it were applied only to enterprises which covered a larger area than the general adminis-

¹ Cf. Mr. Cannan; "Ought Municipal Enterprises to be allowed to yield a profit?" *ECONOMIC JOURNAL*, IX., 1.

trative one. It is not at all clear why a municipal undertaking should be prohibited from earning a profit. According to the particular local conditions and the character of the industry, it might be very desirable in some cases that the charges to consumers should be kept as low as possible, the enterprise merely paying its way; but what is true of some industries is not necessarily true of others, and circumstances are conceivable—indeed they probably exist—in which it is better to make a profit than further to reduce the charges. Moreover, the argument that the persons who undertake no risk should be dealt with as leniently as those who do is not one which can be conceded, and if a private company, supplying the suburban areas, can legitimately make a profit, there seems to be no sufficient reason why a municipality supplying them as efficiently should be debarred from it. The minor localities would not be represented either on the committee or on the directorate of the company, and so, in this one particular, the question of representation is not an adequate criterion. Besides, we are not yet agreed what constitutes “profit” in a municipal industry, and the municipalities and Parliamentary authorities rather confuse than guide us in the matter. One city will not declare its profits until a sinking fund and a depreciation fund have been set aside out of receipts. Another will neglect the depreciation fund and give the name “profits” to what is left when current expenses, interest, and the sinking fund have been met. Any one who has carefully examined the Parliamentary returns of the reproductive undertakings carried on by municipal boroughs, will be bewildered by the evidence of divergent methods of bookkeeping, and will be sure only of one thing, that the sum shown as profits is entirely arbitrary, and that no sound conclusions can be drawn from it. If an adequate depreciation fund is kept, there can be no doubt that for the purpose of comparing profits with those of private enterprise they should include the sinking fund as profits, since that is an item which an ordinary company does not pay. But some corporations have no depreciation fund, and others have very inadequate ones, and so it is impossible to say that the profits over the whole should include the sums set to sinking fund account. But this is merely introduced here to show how futile it would be under present conditions to disallow profits, even if it were desirable from other points of view. The term is much too elastic to serve any useful purpose. In some cases the undertaking, in perfect order, will become a free asset of the city on the present methods of bookkeeping by the end of the period of thirty years from its incep-

tion. Many of us would say that this should be rightly viewed as making a profit, and in the present connection it means that the whole area of the undertaking is contributing in one generation to give the narrower area of the borough a very valuable asset.¹ Including all that a private company would include as profits, the Corporation of Glasgow, which trades largely beyond its area, has a substantial annual profit on its capital expenditure for tramways: but returns, on the same basis as the Parliamentary ones for England and Wales, would not show the profits nearly so large. Hence any attempt to use profits as the criterion is quite impossible without a definition of profits. Moreover, some municipalities lose on some of their undertakings, and it would seem just that if the outside districts are to benefit by reduction of charges when profits have accrued, they should bear their share when losses come. But neither of these proposals would be satisfactory or desirable; they are equally inapplicable to present conditions.

Again, an industry may be made to show no profit by differential charges. Outside the borough the charge for water may be higher than within it without any profit accruing to the undertaking as a whole, and this would be virtually making the outside consumer subsidise the borough consumer just as much as if high profits were made on uniform charges. Of course, if the real cost of supply beyond the area is greater than within the area, as might be the case where a special conduit had to be constructed to an outlying suburb, or if, as is sometimes alleged, loss by leakage of gas becomes much greater when the pipes are carried a long distance, the justification for differential charges is obvious. But they exist at present in cases where no such differential element of cost enters. And a somewhat similar difficulty arises in gas and electric lighting works. Sometimes corporations have charged a very low price for the public lighting of their streets, and although only a small profit may be shown over an industry as a whole, it may thus involve in reality a much larger charge on the private users, both inside and outside the area, to the relief of the rates of the single municipality.²

¹ Cf. my article on "Depreciation and Sinking Funds in Municipal Undertakings," *ECONOMIC JOURNAL*, XIV., p. 47.

² It may be doubted how far this policy is justifiable on grounds not immediately connected with the subject of this paper. For instance, a large ratepayer who uses electric light in his offices and residence may contribute unduly to public lighting by electricity or may contribute too little to public lighting by gas. Very seldom are the consumers and the ratepayers to be taken as the same, and generally it is a sound policy to keep the books very strictly in such matters as between one department and another of a corporation.

So that even if we overcame the difficulty of defining profits, and were also agreed that profits should not be made where the service extended beyond the municipal boundaries, the difficulties would still be very great in any attempt to enforce the criterion.

No greater success can be expected from an attempt to state a maximum limit of profits which a municipality might make from the adjacent areas. This is sometimes done in respect to private companies, but there it applies to the whole area of their operations. It is generally quite impossible for a corporation to judge how much of the profits of a particular enterprise might be due to the sections beyond the municipal area, how much to the sections within the area; and so a maximum of profits could only be fixed for the industry as a whole. Besides, the attempt would be subject to all the difficulties I have raised in regard to the profits criterion generally. And to give only one illustration, if a maximum of five per cent. on capital outlay were fixed as profit for the whole of an electric light undertaking, as has sometimes been done, it could apparently be evaded by charging a merely nominal sum for the public lighting of the municipality.

But despite these great difficulties, there are genuine reasons for desiring that adjacent areas should have their interests safeguarded so long as they have no adequate representation on the bodies which administer the enterprises; and there are equally strong reasons for claiming that they should pay higher charges in some cases than those who bear the risk of loss; and it may be thought possible to achieve both these ends by governmental regulations admitting the principle of differential charges in some industries within strict limitations. That they would prove a source of friction, there can be no doubt. It is always felt as an injustice by the districts subject to the higher charges, and instances could be given of petitions and memorials addressed to the Board of Trade complaining of such differential charges among the authorities around Manchester and Southport. To the outside authorities the differential charges for gas by the Manchester Corporation seemed as if the ratepayers of the city were being subsidised by their extra contributions for gas, particularly as large profits were being made in relief of the rates. But why should it be thought unjust? Within limits, it is but fair that the city which undertakes the risk and the trouble should be remunerated, and if the charges were bound to go down on a sliding scale *pari passu* with the charges within the city area, so that the difference could never be very great, no injury can be alleged. But, of course, there are some industries, such as tramways, to

which it would be difficult or impossible to apply a principle of differential charges, and some to which it would be inexpedient to do so. How to safeguard the minor localities from exploitation in such cases remains a difficult question, though it is sometimes thought to be met by the fact that in bills authorising a municipality to trade outside its boundaries there is usually a clause making it possible for the outside authorities to purchase the section of the undertaking within their own areas, just as may be done from a private company. But in many cases a long period must pass before purchase can be enforced, while in some few cases the owning authority has obtained perpetual concessions outside its area. And the purchase clause in a great many cases could not be of any real service. At present, for instance, the tram-lines may pass through one locality to many others, all of them without the limits of the municipality; and if A, the owner, passes through B to get to C and D, it is difficult to see how B's future claims to purchase the undertaking in its own area could be allowed. With a gas undertaking it may be possible to allow the owning authority to keep the mains passing through an area while giving up the local supply; but the difficulties even here would be very great. It is not as if the outside locality had a complete system to itself. Its gas or electric light will usually come from the same central station as that which supplies the municipal area, and even if it purchased at the end of the period it would only get a fragment of a system. In many industries the difficulties are still greater, and the minor authorities would find it practically impossible to attempt a separate system. Their necessities render them weak bargainers when an extension of the period of concession is required, and so their only safeguard is to huddle as long as possible when the concession is first made. In relatively few cases is the purchase clause of any importance, and if it were generally acted upon it would render municipal trading ridiculous and inefficient.

STANLEY HORSFALL TURNER

THE TOWN HOUSING PROBLEM

THE complicated tangle of problems which we are accustomed to describe comprehensively as the Housing Question, was discovered—with some surprise—early in the 'thirties of the last century. At that time the difficulties were more closely concerned with sanitation than with housing proper, but, although the problem which vexes modern reformers differs to a considerable extent from that with which Chadwick and Sir John Simon, Lord Shaftesbury, Dr. Southwood Smith, and Lord Playfair had to deal, there are very many features common to both.

The rural housing question is difficult and serious, but it is to that of housing in towns that most attention has been turned. Owing to the almost complete ignorance of sanitary laws which prevailed in the first half of last century, and to the very inadequate attempts to enforce them in the second half, English towns have grown up under conditions the exact opposite of those which are essential to healthy living. Houses badly built and worse planned are crowded together on damp and ill-drained sites; water, sanitation, light, and air are sadly insufficient, and the result of it all is slums and slum-dwellers. This is the first half of the problem, that which in different forms has been troubling sanitarians since the days of the cholera.

The more modern half is usually described as the house famine. This takes two different forms. In the first place, we have the difficulty which constantly arises when the rapid growth of an industry attracts a large population to some town or district before there are enough houses to hold it. Thus, for instance, some years ago, the sudden development of the bicycle brought flocks of workers to Coventry, house accommodation increased, but increased at a much slower pace than population, and the result was overcrowding and excessive rents. Exactly the same thing may be seen to-day in many Welsh districts, for instance, Dowlais and Merthyr, where the house supply is quite insufficient to meet the needs of the workers who swarm to the mines.

Difficult and dangerous as is this aspect of the problem, it may

be trusted to right itself in time, unless, indeed, there is any exceptional difficulty in obtaining building sites, as, for example, at Llandudno, where practically all the land belongs to one owner, freeholds are almost impossible to secure, and leaseholds are so dear that small houses cannot be built to pay. Again, nearly the whole of Devonport is owned by the Lord of the Manor, who, until comparatively recent years, afforded only the most restricted facilities for building. Under such conditions the problem is one of the utmost difficulty, but in more ordinary circumstances building proceeds apace and the number of houses is gradually equated to the increased demand.

The second kind of house famine is easy to understand but difficult to remedy. The increased cost of building, due partly to greater expense in labour, material, and land, but also to the far higher standard of house accommodation required by modern hygienic laws, has made it almost impossible for the ordinary builder to provide dwellings at low rents. Meanwhile, improvements and the pressure of the sanitary authority—if that authority is doing its duty—are sweeping out of existence the old cheap cottage. In practically every English town the same complaint is heard. There are plenty of good six- or eight-roomed cottages, perhaps a limited number of four-roomed, but all of these are let at rents which place them beyond the reach of the poorest classes, who are thoroughly unwilling, even if they are able, to pay more than a few shillings in rent. The actual amounts vary a good deal, according to locality, but, broadly speaking, cottages at rents from 4/6 or 5/6 to 10/6 or 12/-. are abundant and moderately good; while there is a large unsatisfied demand for houses which can be let at from 2/- to 4/-. Hence there is considerable pressure on the few old cheap cottages which have survived, and a constant tendency on the part of their tenants to overcrowding.

These, then, are the problems to be faced. First, the existence of slums, insanitary areas, and dwellings; secondly, the scarcity of houses, sometimes of working-class houses altogether, but generally of cheap dwellings. How are local authorities trying to deal with them?

Local authorities have first to undo the mischief wrought in past years; in other words, to clear or improve the insanitary areas which we have inherited in such ample measure from our forefathers. Fortunately for the ratepayers, natural progress has done a good deal of this work. Railways, warehouses, changes in the value of central sites, changes in the demand for buildings, have all helped to remove the worst slums. In many cases the

local authority has been obliged to intervene, and when intervention is decided upon there are two main methods. In the case of a large insanitary area which can be made healthy by nothing short of clearance, the first part of the Housing Act (which embodies the provisions of what used to be known as Cross's Act) can be used, and by means of the powers it confers some of the worst slums have been cleared away, but the process is so expensive that town councils are becoming more and more reluctant to use it. Thus, for instance, an insanitary area of the oldest standing in Manchester—the district named (inappropriately enough) Angel Meadow—has been condemned by the Medical Officer as an area only capable of treatment by means of a demolition scheme; but the cost is estimated at nearly a million, and the scheme has consequently been abandoned. On the other hand, many useful improvements have been effected by means of these powers, and with a few exceptions it is probable that not many large areas of slums now remain. The London County Council has made several extensive clearances under Part I. (for instance, the Boundary Street scheme in Bethnal Green, which dealt with an area of about fifteen acres) and important schemes have been undertaken by Birmingham (the well-known clearance of 1875, which resulted in the formation of Corporation Street), Liverpool, Sheffield, Southampton, Manchester, and many other towns.

When the insanitary area consists of a small group of houses Part II. of the Housing Act may be used. The powers of local authorities under this part originate in Torrens' Act, first passed in 1866, and it is far less expensive to work than is Part I. Many local bodies are carrying out important improvements by its means, and though for some reason it has not been widely used in the past, recognition of its virtues seems to be extending daily. Hull is perhaps the town where most advantage has been taken of its powers, and there the sanitary authorities have dealt with a very considerable number of unwholesome houses. A large proportion of these are put by their owners into habitable condition, and only those which, by their position, obstruct other dwellings, or those which possess irremediable defects, are demolished. The policy of removing obstructive and improving defective dwellings by means of Part II. was adopted some years ago by Leeds, and quite lately has been formally recognised by Birmingham.

Less striking, but even more important, is the preventive and regulative work carried on by the Medical Officer and his staff under the provisions of the Public Health Act. It is almost im-

possible to over-estimate the far-reaching influence such work may have; if it is performed in a thorough and scientific spirit. Old or bad property may be brought up to something like a sanitary level; its inhabitants are forced to realise the advantages of cleanliness; the unfit owner may be gradually coerced out of existence. A steady and constant pressure upon insanitary property, a careful enforcement of regulations against overcrowding should, if persevered in over a period of years, lead to a transfer of property from incapable to capable ownership, to a realisation on the part of typical slum tenants that dirt and overcrowding, though convenient, are not desirable, for they will entail constant visits from sanitary inspectors and increasing difficulty in finding accommodation.

There will, of course, be endless difficulties in carrying out such a policy. The small owner and the slum tenant will have good cause to dislike it; the benevolent but short-sighted will appreciate the difficulties of these two distressed classes and will fail to realise the ultimate benefit to the community which will result from their gradual elimination. If persevered in, not only should such methods lead to an increased supply of better houses, but their immediate educational value will be of great importance. The court and alley work of the Liverpool sanitary staff, for example, cannot fail to affect the habits of the tenants. Each court is visited regularly once a week and the tenants are held responsible in turn for its cleanliness. Inadequate cleansing is liable to be punished by a small fine. There are also a number of women sanitary inspectors, who devote practically their whole time to house-to-house visitation, giving special attention to dirty or careless tenants. The number of women inspectors who perform similar work in other towns, though still far too small, is increasing, and their influence cannot but bring about greater cleanliness and more attention to the laws of health.

Demolition, inspection, and regulation, though indirectly they may lead to a steady increase of building, and thus help to relieve the modern house famine, are primarily concerned with the older and mainly sanitary part of the housing question. It is, indeed, urged by many thinkers that strict regulation, a skilful use of closing orders and stern prevention of overcrowding, if steadily persisted in over a period of years, will prove a greater stimulus to house building than any more direct efforts on the part of local authorities, and in most of the rare cases where local authorities have used their powers, these views have been borne out by fact. Thus, to refer again to Coventry, where, despite difficulties and

severe pressure, the Medical Officer and his staff worked hard to prevent dirt, decay, and overcrowding, the gratifying result has proved not only that private enterprise can meet the increased demand, but that the number of cheap empty houses has increased; and, lastly, that builders are erecting decent four-roomed cottages, which let at 4/- and 4/6 weekly. Thus, without any municipal building, the standard of a shilling a week a room constantly aimed at but very seldom attained by local authorities, has been reached by the despised builder, and demand and supply have arrived at something like equilibrium.

Despite such illustration, however, these principles are not popular at present, partly because they are harder to understand, partly because they are less attractive and less in accordance with the recent tendencies of municipal activity. During the last six or eight years there has been a large and continually increasing demand for municipal building as a cure for the scarcity of houses. The principle of municipal building has been very widely accepted, though perhaps not by the wisest authorities. Municipalities, it is urged, command cheap capital and do not wish to make profits; clearly they are admirably adapted to provide for the needs of the poorer classes. But municipalities which have quite decided not to remain content with prevention and destruction, but to undertake active construction, find themselves face to face with other questions before they can begin operations. What kind of houses shall they build? for what class shall they provide?

There is first the policy, perhaps most completely worked out by Liverpool, of building a large number of cheap tenements on central areas, in order to rehouse the tenants dispossessed by clearances of insanitary property. A number of other local authorities have begun by adopting this principle, but few have succeeded in carrying it out to the end. As a rule, they decide to re-house the very poor, but by the time their buildings are finished they find that the dispossessed are provided for elsewhere, that they are obliged to charge rents quite beyond the means of the average slum-dweller, and frequently that the municipal houses are not only too expensive but quite unsuitable for the ordinary labourer. Some towns are even more unfortunate and find it extremely difficult to let their dwellings at all, even at rents which are largely subsidised by the rates. This has been the case, for instance, at Southampton and at Brighton, although in the latter town the sites of the houses were presented to the Council. At Wolverhampton it was found impossible to let the tenements at the rents originally fixed, although they were not really high—

2/9 and 3/9 weekly—while the houses occupied a favourable position near the centre of the town. Liverpool, however, has succeeded to a great extent in re-housing the very poor. It has built a large number of houses, and 70 per cent. of the tenants are said to have inhabited demolished houses. Its first cheap houses, those in Gildart's Gardens, which were opened in 1897, are let at extremely low rents—2/9 for two rooms and a scullery, and 3/9 for three rooms and a scullery. The houses were purposely made unattractive and bare, in order that the artisan or superior labourer, who can well afford to pay for ordinary houses, should not profit, as he so frequently does in other towns, by the artificially cheapened houses of the local authority. The rooms are small, the fittings are of the very plainest, the walls are unplastered, there are no amenities, nothing but the barest necessities, although these are thoroughly good of their kind. The houses built more recently, though they are intended for the same class of tenant, are less bare and unattractive and are consequently slightly dearer. All of them, like Gildart's Gardens, are blocks of two, three, or four storeys, divided up into tenements.

What is the result of this extensive building, for well over two thousand tenements are either erected or in the course of construction?

In the first place, there can be no doubt as to the popularity of the houses, which are almost always well filled. Secondly, the Corporation are steadily removing the old bad courts and alleys for which the town is notorious; and as there are even now constant complaints of the overcrowding and pressure caused by these demolitions, it is probable that public opinion would have stood in the way of necessary clearance even more than it does at present, had not the Corporation openly adopted the policy of re-housing the dispossessed. It is difficult, if not impossible, to discover whether the extensive building operations of the Council have interfered with private enterprise: it is, at all events, almost impossible to prove that they have. The ordinary builder had displayed no inclination to provide small cheap houses, and he has shown no lack of activity in building the ordinary six- or eight-roomed cottages. Up to this point, then, Liverpool's efforts may be regarded as successful, and her example has been, or is about to be, followed by a number of other towns, for instance, Newcastle.

On the other hand, there are arguments which may fairly be used against the system. Physically, it is not desirable to crowd large numbers of persons in small rooms packed upon central and

therefore less airy sites, especially persons of the class dealt with by Liverpool. Not only is the opposite theory, that public authorities should set a high standard, should raise the level of housing, should not content themselves with the irreducible minimum of bricks, mortar, and drains, capable of being maintained; but even if it be granted that in the case of the slum-dwellers the irreducible minimum of sanitation means a considerably raised standard of comfort, the deeper problem remains unanswered. How far do attempts to relieve poverty by the provision of cheap houses, by making life at low wages easy, tend to multiply the number of the poor who depend for their livelihood on cheap and unskilled labour? All social progress must depend on the gradual elimination of this class, and it is at least possible that the extensive provision of cheap houses, unless indeed the educational effects of their occupation have a contrary result, may tend to increase rather than diminish it. Moreover, it must be remembered, not only that the Liverpool houses are built upon expensive central sites but that even when the land is written down at less than its real value the rents are insufficient to cover the expenses and that the inhabitants are therefore directly subsidised by the rate-payers, who are often but little better able to bear the burden. It is impossible not to wonder whether such a subsidy will not increase, in the long run, the evils that Liverpool reformers are trying to avoid, will not encourage employers of cheap and sweated labour, and tend to perpetuate the least desirable class of the community partly at the expense of its other and more desirable members, and thus to increase the pressure upon housing accommodation.

The Liverpool policy, however, with various modifications, is, as a rule, that adopted by local authorities, though none have succeeded in carrying it out quite so thoroughly. But if rates are used to subsidise cheap houses it is clear that the tenants should belong to the class which really needs help, and that others who are able, even if they are not willing, to pay the ordinary rent or to live at some little distance from the centre of the town, must be sternly eliminated. How is this to be effected? Some authorities, for instance Liverpool itself, will only admit as tenants persons who have been actually dispossessed by clearances. This again leads to difficulties, for many of them are unwilling to conform to the municipal regulations, and many others have families too large for cheap and therefore small houses or tenements. Other towns refuse to accept as tenants men earning more than a given wage. No tenant can occupy

the municipal houses at Wolverhampton, for example, whose weekly wage exceeds 20/-. This method of providing for the poorest classes suggests a number of economic problems. Would such a restriction have any effect upon wages if Corporation building were undertaken upon a large scale? What is likely to be the social and moral effect of such a regulation? How are family earnings to be checked? Will a tenant whose earning power is increased to a sum just above the Corporation limit be obliged to quit the dwellings and return to a court house? Will any difficulty be experienced in estimating the average wage, which often varies very considerably from week to week, of possible tenants drawn from the casual labourer class?

Even then, if local authorities succeed in building houses suitable for the class of persons liable to be rendered homeless by the lack of cheap accommodation, their difficulties are by no means at an end. Hence other methods of attacking the problem have been attempted. In some cases the policy pursued is simple; it is merely to build a large number of dwellings in order that their competition may lower the general level of rents. It is difficult to estimate the effect of such a plan, for even in the case of those authorities, for instance, the London County Council, which have carried out vast building schemes, the number of municipal houses is so small in comparison with the number erected by other means that any considerable effect upon rents is improbable. In so far as the houses are artificially cheapened by subsidies from the rates any effect produced upon rents may be more than counterbalanced by the rise in rates, which helps to make building less profitable and therefore discourages it. Of greater interest is a recent development in the plans of local authorities.

It is becoming more and more generally believed that the true solution of the Housing Question—if indeed there can be any one solution of so complex a problem—lies not so much in attempts to contend against the forces which make central sites too dear for cheap dwellings as in extending the facilities for erecting houses in the suburban districts, which possess advantages not only of economy but of health. Hence several local bodies have purchased large estates on the outskirts of the cities and are now engaged in schemes for their development. Thus, for example, the London County Council has acquired 38½ acres at Tooting, 31 at Norbury, 225 at Tottenham, in order to provide for London workers on these and other sites. Manchester has 238 acres at Blackley, Birmingham, an estate of

17 acres at Bordesley Green—though it has not decided what to do with the land—Sheffield has two suburban estates, 60 acres at High Wincobank, and 74 at High Storrs, while Plymouth is carrying out an extensive building scheme if not in the suburbs at least on the outskirts of the city. In all these cases the great difference between the cost of central and suburban land is expected to make it possible for corporations to build houses which will be good and yet inexpensive. But considerable difficulties have arisen in connection even with the suburban schemes. The advantages of cheapness which are undoubtedly possessed by suburban cottages when compared with those erected on expensive central sites are not peculiar to municipal dwellings, and the ordinary builder has been by no means slow to perceive and avail himself of them, though in cases where he failed to do so the local authority might well lead the way. Hence it is not obvious why local authorities should build suburban houses unless they can either lower rents by their competition, or provide for those tenants who will not be accepted by the ordinary landlord.

With regard to the first of these possibilities the arguments are exactly the same as in the case of town cottages, while as to the second hardly even the most sanguine hope that genuine slum tenants are likely to occupy suburban dwellings. Apart from the inertia which makes them cling to the district they know—the typical slum tenant moves, it is true, perpetually, but always in a small area—there are economic difficulties. The work of such people is often of the casual kind which makes it necessary for them to live near some central site—the docks, the market, the railway station—and they are often bound to their locality in other ways, for instance, the credit they possess at the shops, the proximity to cheap markets, the dependence on local charity which will tide them over hard times. Moreover, suburban abodes mean tram or train fares, and the poorest classes cannot pay these in addition to even a low rent.

In short, it appears that the very poor cannot be helped by municipal provision of suburban cottages, and it is not evident why local authorities should spend time and trouble, and possibly incur heavy expense, in order to house a class for which private enterprise is eager to cater. Is anything then to be gained by suburban building on the part of municipalities? Possibly there is.

What we may expect from local authorities, if scarcely from the speculative builder, is to make experiments, to guide and

lead public opinion, to show that enlightened methods of building may be commercially as well as artistically or hygienically successful. So far they have done nothing of the kind. Municipal houses have all the characteristics of the ordinary builders' erections: they may be more soundly constructed, they are hardly, if at all, better planned. Liverpool has made one interesting experiment in its Dryden-street buildings, where a constant supply of hot water is laid on to each tenement and a recreation room is provided for the joint use of the tenants; a few of the cottages erected near London, those of the Hornsey Urban District Council, for instance, are a degree better than most municipal houses, but, broadly speaking, local bodies have been content to adopt the unimaginative methods of the speculative builder. The plans for the development of Sheffield's Wincobank estate suggest that better things are in store. The houses are to be in blocks of two, four, five, and six, and the designs are to be varied. Each cottage will have a small garden in front, but the most interesting feature of the scheme is that these blocks are to be arranged round an open tree-planted court and the cottages are so planned that all the rooms are under the main roof, while the usual back projection, which not only ruins the appearance of the house, but keeps all light from the neighbouring windows, is abandoned. The development of these plans—which have only recently been prepared—will be watched with the greatest interest, and if they can be carried out satisfactorily, and if Sheffield can provide comfortable cottages which are pleasing in appearance, at rents which are moderate and yet sufficient to meet all expenses, they will have done more to raise the standard of building and to prepare the way for better housing conditions than most municipalities.

The majority of thinkers will agree that the main task of providing house accommodation must be left to private enterprise, and that the most important duty of local authorities is to induce the private builder by force, by example, or by a combination of both, to do his work in the best possible way. How are they to perform this duty? In the first place, building bye-laws must be so arranged and so enforced that while no undue check is given to building enterprise no unfit house can in future be erected. Secondly, the steady pressure of the sanitary officials must gradually eliminate the unfit houses which have already been built. By how many local authorities are these two urgent duties fulfilled? How many would be supported by public opinion if they attempted to fulfil them? Everyone who cares

to inquire knows the answer to these questions. Public opinion is still scarcely awakened to the enormous importance of proper housing conditions, and even where it is awaking it knows not how best to secure them. In cities and urban districts the *personnel* of the councils is far from satisfactory, builders, publicans, small tradesmen, and owners of cottage property, even if they are anxious to be honest can scarcely help a natural prejudice against active sanitary officers and stringent bye-laws. Above all, we need an intelligent anticipation of the growth of towns; the suburbs should be guarded with the utmost care, their development should be on the most scientific lines, in accordance with the most complete knowledge of sanitary science and of municipal engineering. Here again the very evils which we are laboriously endeavouring to remedy at great expense are allowed to grow up anew. Many of the recently developed suburbs of our towns will be the slums of the next generation, if not of our own.

Lastly, what is the sphere of municipal building? Hitherto the building operations of local authorities have not been marked by conspicuous success. Notwithstanding the advantages of cheap capital the financial results have seldom been entirely satisfactory. Local authorities are hampered by innumerable restrictions from which the private builder is free, and the result has usually been that the houses, when finished, either have to be let at a rent so high that the ordinary tenant is unable to pay it or else have to be subsidised from the rates. There are very few local authorities which can make both ends meet in their housing schemes and yet provide houses which will be readily tenanted. The London County Council is an honourable exception, and there are several others, but the majority of municipal building schemes suffer either from deficits or from empties. Thus, for example, the annual receipts of the Southampton municipal lodging house, although it is generally well filled, leave a balance of some two or three hundred pounds only (£255 in 1901) after expenses of maintenance have been met, while the debt charges for the cost of building alone, excluding the site, amount to £825 yearly. The house was only opened in 1899, and the expenses of repairs will probably increase as time goes on. The neighbouring artisans' dwellings have not let well, and their rents are also quite insufficient to cover expenses of maintenance and interest, much less those of capital repayment. At West Ham—again new houses which ought to cost but little for repairs—the net return available for interest and capital repayment

after maintenance expenses have been paid is a bare 3 per cent. At Swansea the houses erected by the Council could not be let at the rents originally fixed, although the demand for accommodation is very keen, and there is a considerable deficit. At Bath, where private owners have recently provided good new buildings which let at 1/- a week a room, the surplus of rental over maintenance expenses in the municipal cottages is insufficient to pay interest on capital, and leaves less than nothing for sinking fund. At Keighley the corporation provides the water and pays the rates. The Carlisle municipal houses are hard to let and almost the whole of the interest and sinking fund charges fall upon the rates. At Sheffield great difficulty has been experienced in letting the three-roomed tenements; the rents have had to be lowered, while in any case the rents of the new block dwellings on the Crofts area will not be sufficient to meet the expenses. At Bristol, where the annual gross rental of the municipal cottages is £734, and the annual charge for interest and capital is £778, tenants could not be obtained till rents were lowered; and even then vacancies were and are numerous. Less than nothing again, therefore, is left for maintenance. At Nottingham there is difficulty in letting the block dwellings, and although the site is the property of the corporation there has been a heavy deficit every year, while the cottages which let readily to tenants of a superior class bring a net return of about $3\frac{1}{2}$ per cent. towards the capital charges, which amount to about 5 per cent.

Some of the most recent housing schemes frankly acknowledge these financial difficulties. Norwich proposes to raise the necessary capital, not by loan but by instalments from the rates, in order to economise by doing away with the sinking fund charges and avoiding Local Government Board regulations, while the estimated rentals show no provision either for depreciation or sinking fund, and it is unreasonable to expect tenement property, however carefully built, to last for ever. The rents of the Stafford municipal dwellings cover maintenance and interest; sinking fund charges are, on principle, paid out of the rates. On the other hand, it must be remembered that municipal house building is comparatively new and that local authorities may be expected to learn by experience, while recent legislation has helped to make loan charges lighter. Several of the latest schemes show signs of improvement; one or two are suggestive and original. The Borough Council of Camberwell, for instance, are gradually transforming an area of congested streets and overcrowded dwellings by the judicious application

of a section in Part III. of the Housing Act, which has hitherto remained unused. The Council buys houses privately as they come into the market, puts them in order, lets them, and manages them carefully. The presence of these houses, which are increasing in number, tends to keep down rents and, coupled with the pressure of the health authorities, to level up sanitary conditions. Obstructive dwellings are removed, lighting and paving undertaken. The scheme combines economy with efficiency, for the rents cover the expenses and the actual slum dwellers are benefited.

Probably it is in some such ways that municipal house building and owning can do most to solve the problem. In the first place, municipalities can, as it may be hoped that Sheffield will, set an example and lead the way to better housing conditions. They can make experiments, raise the standard of building, and possibly help to create a demand for a better class of dwelling. Secondly, in areas where the house jobber is rampant they can check his exactions mainly by stringent regulations against overcrowding and dirt, but also perhaps by introducing a little healthy competition. House owning in some districts has become practically a monopoly, and in such cases a public body can lower rents by a very small amount of house building or owning. Again, in the few very difficult cases where building sites cannot be obtained at reasonable prices, and where improvements in the means of transit fail to provide a remedy, it is probable that the exercise of a municipality's powers of compulsory land purchase may become necessary, though it does not follow that the local authority need necessarily perform the actual building.

Lastly, it is possible that classes with which ordinary means cannot deal must be left to the local authority, and that suitable dwellings for the very poorest will have to be provided even partly at the public expense. But such a step requires the utmost caution; taken rashly it is only too likely to create difficulties instead of curing them. Slum dwelling is sometimes a vice as well as a misfortune, and requires firm no less than generous treatment, discipline perhaps as much as kindness.

The housing problem is one of the greatest complexity and the attempts of public bodies to deal with it are fraught with difficulty. Much help can be rendered by private persons if some general knowledge of its intricacies could only be attained. Sanitary aid and health committees can do much, trained rent collectors working on Miss Octavia Hill's lines even more, men who are willing to devote a little ability, time, and capital to the

business of house owning might revolutionise the state of small towns, for fortunately good examples spread nearly as fast as evil. Much, above all, must depend on the character and knowledge of the persons who compose public bodies, for until these possess some sort of knowledge of the conditions with which they have to deal, as well as a genuine anxiety to improve them, it is difficult to hope for a more rapid rate of progress. That this knowledge, this desire for better things is increasing, may, however, be believed when modern conditions, bad as they are, are compared with those which prevailed when the first reformers began to discover the existence of the town housing problem.

LETTICE FISHER

BRITISH RAILWAYS AND GOODS TRAFFIC.—IS PREFERENCE GIVEN TO FOREIGN PRODUCE?

GRIEVANCES, or supposed grievances, concerning railway rates are not new ; indeed, half an hour's study of railway rates legislation will furnish conclusive proof that there has hardly been a period during which there were not complaints. At the present time there appears to be a particularly violent recrudescence of feeling on the subject ; but there is this difference, that whereas in the years gone by the complaints chiefly concerned internal rates, now the general impression seems to be that British traders suffer hardship because foreign-imported produce is carried at cheaper rates than that of home manufacture. It may be that the increasing depression of trade, with the accompanying keen competition experienced during the past two years, has created this impression ; it may be that the fiscal controversy has been responsible, or, what is still more probable, the outcry may be the result of the combination of both these circumstances. The fact remains, however, that during the controversy it has been almost a common experience to find British railways accused of "favouring the foreigner."

Apart from controversial issues, Chambers of Commerce in various parts of the country have been making the same accusation. The Associated Chambers, early in the year, passed a resolution calling attention to "the injury which was being done to the trading interests of Great Britain and Ireland by the discrepancy between the railway rates for the carriage of goods from foreign towns to the sea, and the rates charged by railway companies in this country. This injury was increased by the advantage given by our railway companies to foreign producers for the conveyance of goods from the out ports to the great centres of distribution at lower rates than from the seats of home production." When the Chambers of Commerce take up a subject which is so essentially within their province it might be assumed

that they speak with authority and that their general allegations are capable of being easily reduced to specific facts, but experience shows that this is not so.

Attracted by these emphatic statements, the writer undertook a personal investigation, and to his great surprise—considering the source from which the statements came—it has been impossible to find figures which in any way prove that our railways carry foreign produce at cheaper rates than British. Instead, it has been found that the complaints are based on inaccuracies, wrong inferences, and absolute ignorance of railway economics. The one thing proved is that many business men, through careless indifference, fail altogether to realise the circumstances which govern railway working, although those circumstances are practically on all fours with those which govern their own transactions.

The fallacies which underlie the allegations are clearly brought out in the following examples, which are a few of those recently investigated :—

No. 1—		s. d.
One ton British timber, Cardiff to Birmingham		16 8
„ foreign „ „ „ „		8 10

Explanation : The second price quoted should be 9/4. Even then, however, the comparison is misleading. A “round timber” rate (16/8) is set against a “square timber” rate (9/4). Square timber (battens, boards, &c.), is obviously easier to handle than round timber (unworked trees). It is more conveniently and compactly loaded, and for that reason is carried at a cheaper rate. In either case, however, the rates apply equally to British or foreign round or square timber.

No. 2—		s. d.
One ton foreign timber, Liverpool to Birmingham.....		12 6
„ British „ Birmingham to Liverpool.....		17 6

Explanation : Apart from inaccuracy in the prices quoted, this is again a comparison of round and square timber rates. The square timber rate between Birmingham and Liverpool—in either direction, and for both British and foreign—is 11/8 per ton in two-ton lots. This includes carting in Birmingham. The round timber rate between the same towns—again in either direction, and for both home and foreign—is 16/8 per ton, in two-ton lots, from station to station.

No. 3—		s. d.
Imported china, London to the Potteries		20 0 rate
English „ Potteries to London		32 6 „

Explanation : This comparison is only obtained by ignoring a number of material facts. The various rates from the Potteries to London are : China and earthenware, packed in casks and crates, at carriers' risk, and collected and delivered, 32/6 per ton ; ditto, at owner's risk, 30/- per ton ; ditto, consigned direct to a shipper for export, carriers' risk, 26/8 per ton, owner's risk, 25/-. For china and earthenware sent loose, at owner's risk, and exclusive of collection and delivery and also of loading and unloading, the rates are : Two-ton loads, 20/- ; not less than three-ton loads, 19/2 ; not less than four-ton loads, 18/4 per ton. It is clear, therefore, that manufacturers in the Potteries have the advantage of a 20/- rate equally with their foreign competitors. This fact was suppressed by the manufacturer who made the complaint. Another important fact suppressed was that the 32/6 rate includes, not only collection and delivery, but also, in effect, insurance, whereas the 20/- rate includes none of these services. For this charge the railways simply haul the goods from station to station. Upon the sender falls the task of carting to the station and packing in the truck, and the receiver has to unpack and cart away to his own premises. There is no value in such a comparison. It may be that the china manufacturer, who made the public statement which furnishes the example quoted, sends such small quantities of his wares to London that he is charged at the rate of 32/6 per ton, and that his foreign competitor sends larger lots, and is able to take advantage of the 20/- rate ; but that is the misfortune of the person complaining, and not the fault of the railway companies, and it in no sense proves preference to foreign imported goods. The 20/- rate is open to him just as much as to the foreigner.

No. 4—

	s.	d.
Ten ton lots of spelter, Stettin to Birmingham.....	16	6 per ton
„ „ „ Birmingham to Stettin.....	23	5 „

Explanation : The Birmingham merchants who supplied this comparison regarded it as conclusively proving preferential treatment, especially as the German forwarding agents who quoted 16/6 also quoted 6/- for transport from Stettin to Hull. The inference was drawn that 6/- was the sea freight, and that, consequently, the amount remaining for railway carriage from Hull to Birmingham was 10/6 per ton. As compared with 11/4 per ton, which is the rate for ten-ton lots of spelter from Birmingham to Hull, there was apparently a preference of 10d. per ton in favour of the foreign article. The inference was, however, inaccurate. North of England shipowners of repute assure the

writer that a preference is not given, but that the portion of the 16/6 through rate paid for the land journey from Hull to Birmingham is 11/4 per ton, which is exactly the same as the rate for British spelter from Birmingham to Hull. The allegation of preference therefore falls to the ground. The sea freight from Stettin to Hull is thus reduced to 5/2 per ton. It may be asked : "Why is it that the sea freight from Stettin to Hull is 5/2, whereas the rate quoted from Birmingham to Stettin shows, after deducting the railway freight of 11/4, a balance of 11/1 for sea freight?" The difference is an extraordinary one, but it is clearly outside any question of malevolent railway influence, and an explanation must be sought in other directions.

No. 5—		s. d.
Iron bars and sheets, Charleroi to Birmingham ...	21 10 per ton	
„ „ Birmingham to Charleroi ...	24 0 „	

Explanation : The railway rate for ten-ton lots of bars or sheets from Birmingham to Hull or Harwich, and also from Harwich or Hull to Birmingham, is 12/6 per ton, whether the material is British or foreign. The difference of 2/2 per ton is due, therefore, entirely to the system under which Continental railway rates are arranged to facilitate export business.

No. 6—		s. d.
Machinery in parts, Chemnitz to Birmingham.....	64 0 per ton	
„ „ Birmingham to Chemnitz.....	26 3 „	

No. 7—		s. d.
Lamp-ware, Meissen to Birmingham	68 0 per ton	
„ Birmingham to Hull	29 2 „	

Explanation : The complaints in these cases were that the machinery rate from Chemnitz to Birmingham (about 780 miles) averaged '98d. per ton per mile, whereas from Birmingham to Hull it averaged 2'4d. and that the lamp-ware rate from Meissen to Birmingham (about 782 miles) averaged fractionally above 1d. per ton per mile, whereas that from Birmingham to Hull averaged 2'6d. per ton per mile. The comparison is of no value in proof of preference. In both cases the portions of the through rate paid for the journey from Hull to Birmingham are the same as those from Birmingham to Hull, viz., 26/3 and 29/2, respectively. As a consequence, each through rate must be divided into two portions, and stated thus :—Machinery from Chemnitz to Hull, ton mile rate, '69d. ; from Hull to Birmingham, 2'4d. ; lamp-ware, Meissen to Hull, ton mile rate '71d. ; Hull to Birmingham, 2'6d. The comparison, therefore, not only fails to prove preference but is a further instance of Continental railway policy. Nor is it a

conclusive proof that railway carriage is dearer in this country. In the original figures, the ton mile rates for combined rail and sea journeys to this country were compared with the corresponding figures for an all-rail journey. Apart from the influence on the ton mile figures from Chemnitz and Meissen, which may be due to exceptional export railway rates, the average would be still further reduced by the inclusion of the sea freight. It is admitted that water is cheaper than land transport, and therefore in these instances it would certainly have some effect in reducing the average over the whole distance from the Continent to Hull. On the other hand, the Birmingham to Hull average is not affected by any equally favourable circumstance.

No. 8—				Miles.	s.	d.
Foreign steel girders,	Harwich to Birmingham	.....	171	13	4	per ton
British " "	Birmingham to Richmond	.....	171	17	6	"
" " "	Birmingham to Yarmouth	.....	168	19	2	"
Foreign " "	Hull to Birmingham	.....	129	13	4	"
British " "	Birmingham to Bury St. Edmunds	.....	129	15	10	"

Explanation : This comparison was made in order to show that foreign material is carried into Birmingham at a cheaper rate than Birmingham merchants can send similar goods to towns situated the same distance away, but in another direction. To make the comparison complete and perfectly fair, however, it should indicate the fact that the rate from Birmingham to Hull or Harwich is also 13/4. That being so, the question resolves itself into one of equal mileage rates and not of preference.

The explanations attached deal with the examples individually, and, probably it will be admitted, effectually sweep away any suggestion of preference; but there is another aspect of the question. The examples quoted fall naturally into three groups, and it is interesting to consider the precise meaning of each.

The first (examples one to three) illustrates the allegation that foreign material is carried from the ports to an inland town, such as Birmingham, at a cheaper rate per ton than is charged from the same inland town to the same port. This is the commonest form of "man in the street" opinion on the subject, but when one searches for rates which will prove preference in that form, it is surprising how the theory falls to pieces. Very frequently the larger figures given as applying to home produce have only been obtained by contrasting quite distinct things. The alleged disparities concerning timber, for instance, are the result of this. In other cases the allegations are unworthy of consideration, because the rate for a large consignment is contrasted with that for

a small consignment, which naturally is proportionately dearer. Or, again, as in the example relating to china carried between the Potteries and London, the higher rate is for a much more expensive service, in which the railway carriers not only undertake the handling, but also all the risk of damage, which in the case of china is considerable. Additions might be made to this group but they would only furnish further evidence that the rates between ports and inland towns are the same in either direction, whether the produce is British or foreign.

The second group (examples four to seven) illustrates the well-known fact that goods are carried from the Continent of Europe to the United Kingdom at a lower rate than from this country to the Continent. Many of these through rates have been quoted against British railways. Sometimes the disparity has been large, sometimes small; but, so far, none of the critics has succeeded in proving that the difference occurs on this side the Channel or the German Ocean. In view of the fact that the rates between the ports and the inland towns are the same in either direction, the difference must be sought outside this country and beyond the sphere of British railways. Investigation leaves no doubt that, in the quoted examples, the difference is due to the policy of the Governments of Germany and Belgium. In the Foreign Office Blue-book (C8720 of 1898) particulars are given of the manner in which both countries reduce rates on the State railways in the case of goods destined for export. In Germany the export rates at that period were reported to be, in some cases, 200 per cent. lower than the internal rates. Naturally, these reduced rates do not apply to incoming British produce, and so the difference is very easily accounted for. Quite recent examples of the different rates for imported and exported goods were furnished to the writer by Mr. Ralph Bernal, British Consul at Stettin, who wrote:—"In comparing freights to and from Germany, it must be remembered that the German State railways grant preferential rates on many goods sent from the interior to the coast. Thus German coal, from Silesia to Stettin, pays 74 to 77 pfgs. per 100 kilos.; British coal from Stettin to Silesia pays 106 to 110 pfgs. Freight for coal, Königsgrube to Stettin, 7'35 marks per ton; Stettin to Königsgrube, 12'40 marks. Similar preferential rates are granted on other goods to the detriment of the competing British product, the higher freight acting practically as an extra import duty."

The final group is that represented by example No. 8, which is the nearest approach to a grievance met with during the inves-

tigation. As a fact, however, the originator of the comparison was not proving preference, but asking for equal mileage rates, which would be an impracticable state of things entirely opposed to railway economics. If all foreign produce were excluded from this country, the same inequality of rates for equal distances would prevail in respect of home produce. It is inseparable from practical railway working, not only of goods, but of passenger traffic also. If it were compulsory to frame rates on the equal mileage rates principle, it would mean the introduction of tolls of so much per mile, and in practice would emphasise distances and geographical disadvantages in a manner which would restrict many articles to the markets of a much smaller and often comparatively local area. From the point of view of the manufacturer or buyer, therefore, the introduction of equal mileage rates would not be desirable in many cases. From the point of view of the railway companies, it would exclude from their consideration important conditions which guide them in framing rates. It does not follow that the cost of working two goods trains over distinct but equal lengths of railway (say 50 or 100 miles each) is the same per ton per mile. There are, for instance, questions such as that of gradients to be considered. It may also be that the quantity of traffic over one of these equal sections is very much greater than that over the other, and the result is that the trains on the well-patronised section are better filled and more remunerative because the proportion of dead-weight to paying-load is much less. Again, on the well-patronised section the rolling-stock will be more constantly used and the working staff more fully employed, and thus dead expenses, and also to some extent working expenses, become relatively smaller per ton of merchandise carried through being spread over a larger tonnage. Equal mileage rates is an attractive phrase, but the application of the principle would hamper railway operations to an extent little dreamt of by those who advocate it.

There may be room for much amendment of railway classifications, and, of course, every manufacturer would welcome a general reduction of rates. These are directions in which improvement may be possible—though not to so great an extent as some critics maintain—but that a preference is given to foreign imported goods is certainly not proved, nor does it seem capable of proof.

A. DUDLEY EVANS

REVIEWS

Protection in France. By H. O. MEREDITH. (London : King and Son. Pp. 190.).

MR. MEREDITH'S book is one of a series of little volumes on Protection in various countries, the evident object of which is to enlighten the English on the possible consequences of Mr. Chamberlain's programme, if carried into effect, deduced from experiments already made on the Continent and in America.

I do not know the conclusions to which the authors of the other volumes have come respecting Protectionism in Germany, the United States and Canada. But those of Mr. Meredith with respect to France are not encouraging for Protectionists. Mr. Meredith, indeed, holds it as a demonstrable fact, in view of the abundance of instances and figures he adduces, that the *régime* of Protection is the chief, not to say the only cause, of the slackening rate of economic, industrial, and commercial progress in France at the close of the nineteenth century. And he demonstrates this in a very ingenious manner. He takes two consecutive periods of about equal duration, from 1862 to 1882, and from 1882 to 1900. During the former interval, he points out, there was an increase in wages of 34 per cent., but during the latter, of only 5 per cent.; the value of goods bequeathed by legacy, which had increased from 54 per cent. during the former period, increased only 12 per cent. during the latter; the consumption of staple articles of food—meat, bread, sugar, &c.—which had advanced considerably during the earlier period, had slackened in the later, and so on. And he then asks why all these ascending curves have undergone parallel and simultaneous depressions? Is not this the most natural explanation, that from 1862 to 1882 France lived under a system of Free Trade, while since 1882 she has been under a system of Protection?

This demonstration is, perhaps, not quite so unanswerable as it appears at first sight to be. For if, instead of taking only the

last four decades of the nineteenth century, we take account of the whole century, we shall find that the rise in wages, and in the value of legacies, was just as great, if not greater, in the middle decades—from 1840 to 1860. And yet France was then, as now, under a system of Protectionism! I am a little sceptical in the matter of custom house tariffs influencing the wealth and economic development of any country. In a book which has just appeared, *The Progress of the German Working-classes*, Professor Ashley shows how general well-being and wages have increased in Germany during the last decades of the nineteenth century, and says that "Protection has not been inconsistent with—has, if you like, not prevented—a great advance." I, too, believe that the Protectionist régime in France would not have stopped, nor slackened, her industrial progress, if other and more serious causes had, unfortunately, not been acting in this direction. Nevertheless, we may say thus much, that if Protectionism has not done France much harm, it may be held as proved that it has not done her much good.

Mr. Meredith, for that matter, is not opposed to Protectionism on principle. He even accepts, to a certain degree, what he calls "scientific Protection," that is, that which is founded on the same principle as Free Trade, but with this addition: "That the establishment or continuance of an industry in a country is not determined solely by the natural facilities which the country offers . . . and that it may be to the advantage of a country to procure, by home production, certain goods which it has been procuring by exchange." He seems favourably disposed towards "optimistic Protectionism," as he aptly terms it, that is to say, towards that which seeks to create new industries and open up new markets, rather than patch up old industries and close the doors of the national market. This is what constitutes *pessimistic* Protectionism, and this it is that is worthy of condemnation.

Unfortunately for herself, France has adopted the latter mode. For her "Protection has been the parent as well as the child of Fear." The Protectionism of the United States, on the other hand, and of Germany, was established by a conquering people . . . and this is the reason why, in their case, it "has a stimulating effect and is *pro tanto* good," while in France it has only fostered and aggravated her "industrial timidity."

There is much force and truth in this thesis. It agrees for that matter with what I have just been pointing out—that a commercial system is intrinsically of no great significance, but blows hot or cold according to the spirit in which it is applied.

Mr. Meredith's book shows him to be thoroughly well posted in his data. He has read the Parliamentary debates and exhausted all the official statistics. He even knows the little anecdotic details of the subject—for example, how “the prohibitionists on several occasions demanded that the professors of political economy, whose salaries were paid by the State, should be forbidden to teach the Free Trade theory.” Or, again, how M. Méline found powerful allies in the vine-growers of the South of France, who, for a long time Free Traders, turned rightabout face when their vines were destroyed by the *phylloxera*, and that in their becoming Protectionists “the capture of the South was one of the brightest jewels in M. Méline's crown.”

But as to the customs duty on wines, the “*phylloxera* duty,” as Mr. Meredith calls it, I do not believe him to be a true prophet when he says that it “will probably be still bearing fruit fifty years hence in high prices to the consumer.” Surely not! In the South of France to-day wine is being sold, by the grower, at six to eight francs the hectolitre, that is, about threepence a gallon! The tariff on imported wines caused at first, it is true, a rise in the price of wine, but this artificial inflation led to an excessive over-production, and that, in its turn, brought about a degradation in prices and the ruin of vine-growers; a result which, if other than that predicted by Mr. Meredith, is not a happier one.

Mr. Meredith considers that the Protectionists have committed a much graver error in protecting wheat than in protecting wine. He reproaches M. Méline with not having discerned that, in favouring the production of wheat, he was impairing the production of meat, vegetables, fruit—all of them provisions perfectly adapted to the French climate and character, and for that reason far more remunerative to France than the culture of wheat. “Small farming of cereals is almost inevitably expensive farming; fruit-preserving and dairy-farming would almost inevitably be lucrative.” The French peasant would, on the whole, be a gainer by turning his hand to “jam, which might be made in France as well as in England.” This is very much what Fourier the Socialist said nearly a century ago!

No country whatever, as Mr. Meredith says very well, could set up to be entirely self-sufficing in production, especially if it be a small country. But countries which formerly ranked as large are in the vast market of the world of to-day but small; and one of these is France. “It is doubtful whether the United States can do so at the present time . . . and *a fortiori* it is ridiculous for 38 million Frenchmen to attempt it.”

It might be thought, from what we have just said, that the author bears some ill-will to France, and is trying to depreciate her? Not in the least! On the contrary he repeatedly alleges that her artisans and labourers are not behind those of England in capacity, and that "her natural disadvantages, e.g., the poorer supply of coal and iron, and her inferior land and water communication, would not prevent her from being a great manufacturing country under a Free Trade régime."

It is much to be desired that this little book should be translated into French. It would very possibly be more useful to the French than to the fellow-countrymen of the writer. I know of no French work which contains, in so few pages, so complete and so impartial an exposition of our commercial system.

CHARLES GIDE

The Rise and Decline of the Free Trade Movement. By W. CUNNINGHAM, D.D., F.B.A. (London: C. J. Clay and Sons, 1904. Pp. x. and 168.)

THIS volume is based on a course of lectures given at the University of Cambridge "with the view of presenting to the members a dispassionate survey of the main issues involved in the present fiscal controversy." We are told in the preface that complaint was made by some of the audience that they could not tell which side the lecturer was taking. The reader of the book will not have this difficulty, because the author states his opinion definitely both in the preface and in the conclusion of the work. He is on the side of the men "who have wisdom to reconsider a decision, honesty to acknowledge a blunder, and courage to try to retrieve it"—that is the tariff reformers as seen by a friendly eye. The previous sentence which is given by way of justification may be described by a friendly reviewer as hopeful rather than judicially descriptive: "It hardly seems possible that any one who has been influenced by the political ideas of Sir John Seeley and is true to the teaching of Adam Smith should hesitate." Sir John Seeley and Adam Smith are hardly to be classed together even for this purpose. We are all followers of Adam Smith, and most of us believe that the weight of his argument is altogether against the argument of Mr. Chamberlain as so far presented to an expectant public. At the same time it may be admitted that Dr. Cunningham has done good service in reminding the popular Free Traders that the real Adam Smith wrote many things which are not dreamed of in their philosophy. He main-

tained, for example, that the constitution of England, developed on natural lines, would lead to colonial representation and imperial federation. It would be easy to quote passages from Adam Smith in praise of war—"the noblest of all arts" is one notable phrase—which surpass in vigour and thoroughness any utterances of our present-day imperialists. In his opinion the statesmen should prevent cowardice spreading through a nation just as he should prevent leprosy or any other loathsome disease. It was not by a slip of the pen that he approved of bounties on gunpowder. And in more purely economic affairs (according to the more narrow scope assigned to the science by the moderns) Adam Smith provides the Protectionists with better weapons than they can forge for themselves. Take, for example, the conclusion of the digression on the Corn Law. "With all its imperfections, however, we may, perhaps, say of it what was said of the laws of Solon, that though not the best in itself, it is the best which the interest, prejudices, and temper of the times would admit of. It may perhaps in due time prepare the way for a better." Again, Adam Smith insisted that the bad laws of other countries may render it necessary for the country which for itself would establish a better system, to make adjustments by retaliation and otherwise. The test of advantage with Adam Smith was not profit, nor was it mere cheapness, but the employment of productive labour. The simple truth is that the *Wealth of Nations* is so broad in its treatment that every shade of doctrine may find passages in its support, and if on balance Adam Smith is to be set down as the greatest of Free Traders it is not for any want of appreciation on his part of the other side. And of course the *causa causans* of this lively complexity of the father of all of us was his constant appeal to history.

To return, however, to the business in hand: Dr. Cunningham has done good service in bringing before the thinkers and the speakers on both sides of the fiscal question the complexity of the subject when viewed from the historical standpoint. Compared with his *magnum opus* the present booklet is no doubt a small affair, but it is marked by qualities that render the larger work so valuable alike to the economist and the historian. Opinions are selected and authorities quoted with such impartiality that it looks as if he were trying all the time to justify Free Trade and not the other thing—whatever that may prove to be. In fact, if Dr. Cunningham were to re-write his history of the Free Trade movement on a larger scale and with more elaborate study of the materials, he would probably be less kind to his

opponents—if that is the right name for the popular expounders of Free Trade. At the outset Dr. Cunningham writes: "The Free Trade movement as a political force owed its strength to the fact that it had a scientific character: this also seems to account for its limitations and defects." But the moral of all Dr. Cunningham's work is forcibly expressed a little later: "To understand the changes of social condition and physical opportunity, which made it possible for the man to take from time to time a different view of his interest, is essential to a real grasp of the actual course of affairs, but this must lead us away from the strictly economic aspect to social and political history." And surely the period of the Free Trade movement can be no exception; the so-called scientific principle of itself would have been as ineffectual as any of the scientific principles of the many forms of socialism. There was not much of the scientific principle in Cobden's attack on Peel's great Budget of 1842. This Budget, which Mr. Morley has called the greatest of the century, and which was certainly the forerunner of all the great Budgets of Gladstone, was derided by Cobden in the most virulent terms, and Peel was burned in effigy by the irate Free Traders. In the course of the work Dr. Cunningham brings out clearly enough the influence of the other elements in the social and political history of the period; and in the end it is the supposed change in the conditions that is the basis of his approval of the new fiscal policy. It is in this part of his subject—that is when the history has been left behind—that Dr. Cunningham's argument is open to the criticisms that by this time are too well known to need repetition in this place. One, however, may be instanced by way of sample. Dr. Cunningham argues that Free Trade has been disastrous to agriculture. It may be replied that if British agriculture has suffered disaster it has been mainly through the reduction not of tariffs but of transport charges. Germany has tried to safeguard its agricultural interests by Protection, and with such little effect that since 1874 the rural population has declined from 64 to 46 per cent. of the population, and in the tariff of 1905 the corn duties have been raised more than 50 per cent. on the average, and the duties on pigs and other raw materials of sausages still more. Of what avail would be a small duty on food such as is offered by our fiscal reformers? The truth seems to be that Protection did very little for agriculture in the past, and even if carried to an outrageous extreme would do less in the future.

But, after all, the book before us is a history, and as such is
No. 57.—VOL. XV.

trade from the development shown in the selling prices at a great institute for articles of consumption, which buys and sells under conditions very different from those of the retail tradesman.

*Again, his information as to the development of consumption, especially that of meat, is inadequate. The average figures yield no clue as to which classes of the population show an increased consumption. And besides, the question arises whether the increasing consumption of meat does not find a set-off in a reduced consumption, among the increasing industrial population of Germany, of other kinds of animal food.¹

To show how greatly prices have risen for us in Germany but few figures are needed. If we let 100 represent prices in the five years 1876–80, the following table will give the average retail prices at 165 Prussian market towns :—

	Beef.	Mutton.	Pork.
1876–1880	100·0	100·0	100·0
1881–1885	102·6	103·7	100·8
1886–1890	101·1	103·7	99·2
1891–1895	108·7	112·0	104·8
1896–1900	108·7	113·9	104·0
1901–1902	113·0	120·4	115·8

The prices of other staple commodities have gone up equally. To mention coal only :—The price of Ruhrfett coal, during the decade 1891–1900, cost on an average 54·81 per cent. more than during the period 1879–88. Rent, too, in small dwellings has risen considerably. Bread of various kinds has not fallen, in spite of the fall in the price of corn. Thus in such towns as can show statistics in bread prices, we find one kilog. of rye bread costing

During	At Berlin.	At Dresden.
1885–1890	22·6 Pfg.	21·9 Pfg.
1891–1895	24·8 „	24·1 „
1896–1900	23·3 „	23·7 „
1901–1902	24·2 „	24·5 „

How closely this increasing dearness is connected with a policy of Protection, which Professor Ashley praises so highly, it is not possible here to set out in detail. I can only refer to what I have said elsewhere and referred to above.²

Professor Ashley is further of the opinion, indicated in several passages of his book, that, whereas we may not see, in the improvement of the position of the German working classes, a con-

¹ For a further discussion on this point see my *Das Nahrungswesen*, in Supplement IV. of the *Handbook of Hygiene* by Dr. Theodor Weyl, Jena, 1904. Also published separately.

² Cf., besides, my *Die Belastung des Arbeitereinkommens durch die Kornzölle*, Jena, 1901.

sequence of the national system of Protection, yet there is, to this extent, a connection between the two in the fact that Germany is an instance of how the maintenance of a protective tariff is no hindrance to the improvement of the working classes. This assertion needs to be met by two considerations.

Firstly, it is more than questionable whether there would not have been a far greater improvement in the position of the working classes had there been no Protection. Secondly, it must be noted—and Professor Ashley lays too little emphasis on this—that the economic expansion of Germany between 1879 and 1900 falls into two well-marked divisions: the interval 1879–90 (1892) and the interval 1890 (1892)–1900. During the former period there was relatively but slight expansion in German social development, and but slight amelioration of the working-man's position. It was at this time that protective tariffs were re-established in Germany, in the year 1879. These were then greatly raised, in 1881, 1882, and 1885, for manufactures, and, in 1885 and 1887, for agriculture.

But it was not till after 1890 that there was a marked increase in the artisan classes and a marked economic development. In spite of my foregoing criticisms it is possible to show this from the wage-statistics quoted by Professor Ashley. The wages at Krupp's rose, during 1880–90, 31 pfennigs per head; during 1890–1900 they rose 83 pfennigs. In the co-operative societies considered by Professor Ashley, wages rose, during 1886–92, from 81·4 to 84·3; but, during 1892–1900, from 84·3 to 100. The rate of mortality sank, during 1880–92, from 27·5 per thousand to 25·6 per thousand, i.e., 1·9 per thousand. But, during 1892–1900, it sank to 23·2 per thousand, i.e., 2·3 per thousand, and, up to 1902, it sank to 20·6 per thousand, i.e., 5 per thousand since 1892. Between 1884 and 1892 the average annual emigration amounted to 2·23 per thousand of the German population. But during 1892–1902 the annual average fell to 0·65 per thousand. Now the years in which this great economic expansion, so largely shared in by the working classes, took place was a time of *falling tariffs*. It was in 1890 that Caprivi began the policy of commercial treaties which introduced a very considerable reduction in German tariffs, affecting both agriculture and manufactures.

During the period of maximum protective duties in Germany, when they were being continually screwed up, economic prosperity was relatively small. It was only in the following decade, during which they were relaxed, that circumstances show such a considerable improvement.

Nor is there between the introduction of the protective system and that of working-men's insurance so intimate a connection as Professor Ashley supposes. Bismarck wanted above all to use a system of labour insurance as a weapon against social democracy.

We are therefore compelled to judge Professor Ashley as erring in the central point of his argument. He says (p. 135): "But what we are concerned with now is the actual progress which, whether aided or hindered by the contemporary tariff policy, has co-existed with it." But neither has he proved his point, nor could he have brought proofs from the materials of which he has availed himself.

It is conceivably very possible that the tariff duties have hindered what might, under other circumstances, have become a still greater expansion of economic well-being. We have to thank the agrarian duties for the great rise in the price of food stuffs, with all of evil that this entails in the working-class standard of living. Not less baneful in part has been the effect of duties on manufactures. They have so helped to strengthen trusts, as to enable the latter to sell the chief raw stuffs used in our manufactures cheaper abroad than at home, thus in a high degree handicapping our industrial production in the competition with the markets of the world.¹ A very large proportion of German labour is involved in these manufactures which depend on export. Hence it is clear that, from this point of view also, certain protective duties may influence the labour market disadvantageously, and thereby harm the general position of the working classes. And this, in recent years, is what no doubt has actually happened.

PAUL MOMBERT

Protection in Canada and Australasia. By C. H. CHOMLEY, B.A., LL.B. (London: P. S. King and Son. 1904. 8vo, pp. xiii, 195.)

A SERIES of volumes setting forth the origin and development of the Protective systems which prevail to-day in the chief countries of the world promises to be of peculiar interest at the present time. It would have been better, however, had all the volumes been written, as far as possible, from an impartial standpoint, instead of aiming to show how beneficial or harmful, according to the standpoint of the writer of each particular volume, Protection has proved in the case of the countries dealt with in that volume.

¹ Cf. Th. Vogelstein, *Die Industrie der Rheinprovinz, 1888-1890*, Stuttgart, 1902; and *Kontradictorische Verhandlungen über deutsche Kartelle*, Berlin, 1908.

It is a great deal to demand, of that we are well aware, but it would have had the incidental advantage of infusing a unity of purpose into the separate volumes which would have made them something more and better than so many separate volumes treating allied subjects. The volume in hand is written from a standpoint with which we sympathise, and we are not disposed to seriously contest the conclusions arrived at by its author in the main; but there can be no doubt that it fails to present a just and accurate history of the development of Protection in England's greatest Colonies in just about the degree in which it presents the characteristics of a party pamphlet, issued in the interest of the adherents of a particular tariff policy, which happens to be the Free Trade policy in this instance.

Mr. Chomley possesses, apparently, one special qualification for writing on Protection in Canada and Australasia, in that he has studied carefully, and has local familiarity with, conditions in Australia. In respect to the part of the volume which deals with Canada, however, we were forcibly reminded of the remark of a reviewer of a recent volume dealing with that country, in one of the leading weekly periodicals, to the effect that it is remarkable that most of the books dealing with Canada are written by men whose acquaintance with that country is of the slightest. To judge by the result, our author, though knowing one-half of the subject entrusted to him, had to get up the other half for the purpose of this volume. He has done his work fairly well, but the result irresistibly suggests, in the contrasts between the matter and the manner of the two halves of the book, that the above hypothesis represents actual fact.

For instance, in the part of the book relating to Canada, chapter ii. is devoted to "The Provincial Tariffs." Among the Canadian provinces, apparently, Newfoundland is supposed to be included. Just two pages are devoted to the subject from which the chapter is named, the other two pages of the chapter harking back to the subject of the first chapter, in which the Canada of 1840 to 1867, the Ontario and Quebec of to-day, are treated. British Columbia is not even named in this chapter, and there is nothing to show under what kind of tariff *régime* it was previous to its inclusion in the Dominion. A topic which might have possessed a good deal of interest in connection with the subject of the book is the enactment of 1846, by which Nova Scotia attempted to establish a customs union of all the provinces, which was responded to at least by New Brunswick. There is no attempt to supply any history of tariff policy in any other part of the

Dominion than in Ontario and Quebec. In the Australasian section of the volume not only are the tariff policies of New South Wales, Victoria, and New Zealand treated with considerable fulness, but the chapter on "Other Australian Tariffs" extends to sixteen pages as compared with the two pages which suffice for the corresponding subject in the case of Canada. The fact that the provincial tariffs of Canada ceased to be of interest a third of a century earlier than those of Australia may partly account for the contrast; but a paucity of information on the one subject as compared with a real familiarity with the other, seems to fit into the facts better. It would be tedious to cite in detail other points in the book confirming this opinion. They include a number of instances of inaccuracy and some of contradictory statements. These are not confined to the first part of the volume, and appear to be due, in part, to a lack of care in putting the book together.

Leaving the consideration of the work as a piece of book-making, let us turn to the general nature of the results arrived at. Mr. Chomley contends that both in Canada and in Australasia the popularity of Protection or Free Trade has depended on the association of the one or the other policy with political programmes which have appealed to the electorates rather than on a reasoned belief in them for their own sakes. He presents several alternative explanations of the source of the strength of Protectionism in Victoria, and if we consider them as co-operating influences, each has a real importance. At the moment of presentation, however, each seems to be offered as the chief, if not the only important, influence, except in one case, where the author has clearly remembered that he is offering, not for the first time, a theory explaining why Victoria became and remained Protectionist.

The instructive comparisons of Victoria with New South Wales, affording examples of the results of Protective and Free Trade policies, are worthy of attention, though enthusiasm for his own view leads the author to emphasise some facts when they support that view, while passing lightly by similar facts when they fail to support it. The simple comparison of the percentages of factory employees who are women, for example, is acknowledged to be inconclusive in one place, but is nevertheless set forth again and again. The nature of the employments available is mentioned as a qualifying consideration, but does not receive the attention it deserves when the bare figures appear to prove the case clearly.

In forecasting the future Mr. Chomley has ventured on a

peculiarly perilous experiment. He is confident that neither in Canada, Australia, nor New Zealand will there be manifested a willingness to so modify the tariff as to afford real opportunity for severe competition of British with native manufactures. He may be right, and if the manufacturers can control the policies of the several countries, there is no apparent ground for contesting his forecast. But will the manufacturing interests succeed in maintaining control of the administrations everywhere? We dare not say either yes or no to such a question. As to the Canadian preferential tariff, its disappearance is, we think, less probable than our author, if we rightly understand him, imagines. The outlook has been for a change, inaugurated on a small scale since the volume in hand was printed, in virtue of which the degree of preference will not be everywhere the same, but will be adjusted to the conditions of different industries. In place of a one-third rebate of duties, we may have rebates varying from (say) one-tenth to two-thirds or more. On such a basis the preferential British tariff seems quite likely to endure for a considerable period in Canada, and New Zealand may, as likely as not, follow along the road where Canada has led.

To forecast the future in tariff matters is, however, an unprofitable task. We can agree with Mr. Chomley in the view that an association of a policy of Free Trade with a political programme appealing strongly, for other reasons, to the masses of the people, presents the most favourable conditions for its acceptance, and that the future may well repeat the history of the past in this respect.

A. W. FLUX

Modern Tariff History. By PERCY ASHLEY. With a Preface by the RT. HON. R. B. HALDANE. (London: Murray, 1904. Pp. 367.)

STUDENTS of fiscal politics are indebted to Mr. Percy Ashley for an able study of the development of the French, German, and United States tariffs. The writer tells us in his preface that he "does not profess to offer the results of much independent research," and refers us to the bibliographies placed at the end of each section as to the sources of his work. It is true that nearly all that Mr. Ashley tells us in this book may be found in one or other of the French, German, and American books enumerated in these bibliographies; the work, however, is rather an admirable summary than a compilation, and those who have laboured with

the mass of fiscal literature of the three countries will perhaps regret that they did not wait until Mr. Ashley's book appeared.

The section on Germany seems to be based principally upon the well-known publications of the Verein für Socialpolitik, and the writings of Zimmermann. Mr. Ashley not unnaturally reflects both the strong and the weak points of his originals. The political influences which contributed to shape the early policy of the Zollverein are admirably discussed; the story of the reaction under Bismarck is hardly less satisfactorily told, though possibly more might have been made of the Chancellor's desire to retaliate upon Russia and Austria. We should have been glad, also, to see a more thorough discussion of the case for and against Bismarck's tariff than Mr. Ashley gives us; the matter was thoroughly threshed out at an important meeting of the Verein für Socialpolitik, and a *résumé* of the arguments used on both sides at that time, coupled with some attempt to decide how far one or the other had been justified by events, would have been of considerable interest. Mr. Ashley has much to say that is interesting on Professor Schmoller's views, and quotes important passages from the latter's brilliant essay on "The Mercantile System"; still more interesting, however, would have been a criticism of Professor Schmoller's concrete application of his theories as set forth in the speech which opened the debate of the Verein für Socialpolitik. The ultimate criterion of the value of the historical method, as of the theoretic, should surely be the degree of success that its adherents display in grappling with concrete problems.

Another merit which Mr. Ashley shares with his predecessors is the full and clear exposition of the actual changes which were made at one time or other in the tariff rates. We are told enough and not too much.

On the other hand it must be confessed that our author reproduces some of the defects of his predecessors. In fact, we notice in Mr. Ashley not a little of that reluctance to press arguments home and determine what, if any, weight they have, which distinguishes so much of the literature that has grown up in Germany round Bismarck's tariff. It is of course obvious that an author who sets out to prove whether a given policy was wise or foolish exposes himself to the risk of making mistakes, and (what possibly weighs heavier) to the suspicion of intolerance. But whilst this may be allowed, is there not also a danger that the profession of, and desire for, unbiassed exposition may degenerate into intellectual cowardice? The historical school do well to emphasise the importance of the study of cause, but the study of effect is

equally part of the business of historians. They do well to remind us that most political expedients are properly justifiable in relation only to the particular circumstances of some given case, but there seems some danger lest they should forget that, though Free Trade may be right at one time and Protection at another, it is in the highest degree improbable that both will be right at the same time. Mr. Ashley may, of course, reply that he has intentionally confined himself to a study of the genesis of tariffs, and deliberately excluded consideration of their effects. The reply would be valid were it not that our author has by no means confined himself to the study of "genesis." He does parenthetically or summarily say something of "effects"—our only complaint, or rather regret, is that what seems to us the less important side of the question has been treated very much more thoroughly than the more important. It is exceedingly easy for a reader of Mr. Ashley's book to understand how the German tariff came to be what it is; it would be very difficult to determine from it whether or not its authors acted wisely.

Mr. Ashley quotes from time to time statistics of the progress of the foreign trade of Germany, but offers no useful criticism or explanation of their import. It is the habit of many historians to deluge their readers with undigested figures; we regret that a colleague of Mr. A. L. Bowley has not seen his way to present his statistics in a readily intelligible form.

The above criticisms of Mr. Ashley's work on Germany, both *pro* and *con*, apply with equal force to the sections on the United States and France. In the case of both countries we notice the same able presentation of the main facts connected with the genesis and development of the tariffs, and the same reluctance to grapple with the problem of what (if any) their effect has been. Possibly the subject of Reciprocity might have been treated at greater length in the American section with advantage to the completeness of the book, and Laughlin's *Reciprocity* might have been added to the bibliography for the advantage of readers who are specially interested in the subject. In writing of France Mr. Ashley was faced with the difficulty that his authorities cover the period down to 1875 very much more thoroughly than the subsequent years. The result is necessarily a slight unevenness in workmanship.

Mr. Ashley's work is preceded by a preface from the pen of Mr. Haldane, and after reading both we confess to entertaining a doubt (which seems to have occurred to Mr. Haldane) as to whether such a preface was necessary. Mr. Haldane is enthusiastic for the "historical method"—in his opinion the only "ade-

quate method " of examining the economic problems of foreign countries. We wish we could believe that the author and introducer differ as to what the historical method is, since a method which tends to concentrate upon causes, and neglect effects, may be the "only one," but is certainly not "adequate." This belief is, however, hardly tenable, for we find in Mr. Haldane "after twelve months of joint reading and discussion" with Mr. Ashley by the light of the "historical method," much the same uncertainty as to the effects of the policy pursued by the several countries which we discerned in Mr. Ashley. We can only reiterate our opinion that the discovery of effects is equally with the discovery of causes a proper subject for the application of the historical method. If not the student, then at least the "man in the street," wants to know not only how things come to pass, but also what results flow from them.

H. O. MEREDITH

The History of the English Corn Laws. By PROFESSOR J. S. NICHOLSON. (London: Swan Sonnenschein, 1904. Pp. 188.)

HISTORIANS are wont to disparage abstract economics, while they claim for their own special studies the merit of showing the variability of conditions which are presupposed in the deductive method. But the work before us is a proof that the severer intellectual virtues are compatible with the historian's subtle power of entering into the past, and thence deriving lessons for the present. The author places himself in the position of the primitive Protectionists, and enters into their motives. There was a difference in their position compared with ours with respect to protective legislation; it had not been tried and found wanting. They sought according to their lights the interests of the consumer and producer and of public policy. The idea at the root of the assizes of bread, and of other measures which formed with the Corn Laws a connected system, was originally reasonable.

The more sympathetic our author's appreciation of the motives, the more damaging is his judgment of the measures. This judgment, we may remark, is based on specific experience; it could not have been obtained *à priori* from the simpler principles of human nature; it is a teaching of history, though it is sometimes missed by historical specialists. "It was proved by experience that the protection of the consumer defeated its own object." "In most cases the promotion of various social ideals by the

simple method of manipulation of taxes has proved a failure." "The history of the Corn Laws strongly supports the negative argument for Free Trade." "When all the rhetoric of exaggeration has been stripped away, and governments and landlords are cleared of iniquity in intention, the record is one of failure in accomplishment."

Professor Nicholson strips away "the rhetoric of exaggeration" with laudable candour. "The history of the Corn Laws," he says, "has been much perverted, and its actual evils have been much exaggerated." "The effects of the duties on the employment and wages of agricultural labour have been much exaggerated by the supporters of the Corn Laws." The greatest rise in the price of corn, at the beginning of the nineteenth century, occurred when the operation of the Corn Laws was least. The actual benefit to the landlords under protective system was not great. The defenders of Free Trade can afford to throw away rhetorical exaggerations, like the beleaguered garrison who, out of the abundance of their store, threw out loaves to the defied enemy.

We could not better express both our admiration for the defence of Free Trade made by Professor Nicholson, and our contempt for the opposite cause, than by supplementing his concessions and, as it were, throwing out one more loaf. We refer to the argument in favour of Free Trade that it would reduce the fluctuation, as well as the magnitude, of the price. Professor Nicholson has very properly attached weight to the former consideration, therein agreeing with Grote and Tooke and the other temperate opponents of the Corn Laws. Their reasoning is not proved wrong because it was not immediately verified. Greater stability was imparted to the conditions by the abolition of the Corn Laws, though, as it happened, the improvement did not make itself felt for some years. We have compared a period of twenty-four years before the abolition, viz., 1821—44 inclusive, with a period of twenty-four years after the abolition had come into effect, viz., 1850—73 inclusive, in respect of instability as tested by the mean deviation of the yearly price (per quarter) from the average of each period respectively; and we find that, while this measure of fluctuation was for the earlier period 6s. 8d., it was for the later period 8s. 8d. Again, taking periods of thirteen years, the first selected so as to cover the sliding-scale, viz., 1829—41 inclusive, the second period 1851—63, we find the mean deviation, similarly tested, to be 7s. 10d. for the earlier period, but for the later period 9s. 1d. It is a nice question, indeed, what is the proper measure of the fluctuation considered as a detri-

ment to consumer or producer? It is tenable that the variation from month to month within a year—rather than from year to year—within a period—constitutes the best measure. We have taken the monthly deviation thus for each of six years of the sliding-scale period, viz., 1836–1841 inclusive, and likewise the like deviations for each of the six years after the repeal, viz., 1851–6 inclusive; and we find 20s. 2d. for the earlier period, for the latter 25s. 1d. Again, looking at the variation in price from week to week we observe that the maximum difference between weekly averages is, for the period 1829–41, less than for the period 1851–63.

It seems indubitable that the greater stability of price which the abolition of the Corn Laws tended to effect was not immediately verified. Doubtless, as Professor Nicholson observes, “after all the main cause of fluctuations was the course of the seasons.” When that cause was counteracted by the opening up of wider areas, with independent vicissitudes of harvests, then the wisdom of the old Free Traders was more conspicuously justified. The oscillation of price in the period 1886–98, as tested by the methods above adopted, is found to be only half what it was before the repeal. We may apply to the fluctuation of prices the test which Professor Nicholson applies to the prices themselves. “If the old scale of duties had been retained and enforced . . . then no doubt the range of corn prices [and of their fluctuation] would have been much higher.”

To consider what would have happened if the old system had been retained down to our time is a fair way of testing the arguments of the old Protectionists. Referring to the argument based on national independence our author well observes: “the increase of wealth would mean the increase of naval power, and naval power was a better means of defence than self-sufficiency in corn-growing.” If the old Protectionists had succeeded in their contention that the country should be in the main dependent on its own food supply there would now, indeed, be a little England.

F. Y. EDGEWORTH

A Geometrical Political Economy. Being an Elementary Treatise on the Method of Explaining Some of the Theories of Pure Economic Science by Means of Diagrams. By H. CUNYNGHAME. (Oxford: Clarendon Press. Pp. 128.)

As ancient teachers used to incite their pupils to the study of the elements by the offer of cakes, so Mr. Cunynghame makes his elementary treatise attractive by the elegance and sprightliness

of his exposition. Wit is made the handmaid of science. The happy use of metaphor contributes to the effect, as in the following passage :—

“Two manufacturing rivals are like men pulling against one another on a rope, one on each side of the summit of a hill. When one of them is once pulled over the summit the other can run away with him. But if the men were pulling on each side of a hollow, as in rival production of the agricultural order, then when one got pulled down a little his opponent's task would become harder; so they would come at last like a marble in a bowl to a position of equilibrium” (p. 89).

A feature that is likely to be very attractive to beginners is the author's practice of using examples taken from real life; for instance, the cost per ton of coal diminishing as the total output increases, in a “recently opened mine in Yorkshire,” computed by the manager himself (p. 71), or the similar schedule for the cost of producing a crown 8vo. book, obtained from a “leading publisher” (p. 55). While thus showing a grasp of concrete fact, our author does not ignore the abstract character of geometrical political economy. He warns the student that “diagrams cannot decide the question of free trade against protection.” We cannot forbear from quoting what he says *obiter* on that question with his usual force and brevity :—

“Perhaps the real truth is that Protection is a medicine, and that before giving it you ought first to find out whether the patient is ill; next whether the proposed drug will make him better; and thirdly how much you are going to administer” (p. 102).

It is given to few to unite like Mr. Cunynghame the powers of popular exposition and scientific investigation. Apparently it is not given even to him to apply both powers at the same point. We had hoped that the path struck out by him in his original article on “Exchange Value” in an early number of the *ECONOMIC JOURNAL* (1892) would have been now converted by him into a high-road accessible to the wayfarers of science, even though not specialists. But this hope has not been fully gratified. There still, as it appears to us, remains some difficulty, which we shall endeavour to smooth over by a free restatement.

Let us begin with the theory of Demand. And first let the article demanded be of a species pointed out by Mr. Cunynghame, such that the utility to each purchaser derived from a certain quantity of the article would be less, the greater the amount purchased by others. “Orchids” is the happy instance given

in the work before us. If orchids became common, we must suppose the demand curve, which pertains to any individual to be altered in such wise that at some or all prices the individual demands fewer orchids. It might seem sufficient, considering two epochs at which orchids were respectively rare and common, to regard the dispositions of the parties as having suffered a change in the interval. There would be a new "collocation" of causes, in the language of Mill's *Logic*. But Mr. Cunynghame is not satisfied with this merely historical account of the change. He demands, as we understand, that the new collocation should itself be explicable by conditions which are pre-existent and co-existent in much the same sense as the dispositions represented by the ordinary demand curve. It is thus that we interpret his doctrine: "a group of successive curves is the expression of a state of facts existing at one time, and is not a group of successive time phenomena" (ECONOMIC JOURNAL II., p. 39). We understand that there is here predicted the same sort of permanence as that which belongs to the state of facts designated by an individual's demand for a commodity, say tea: the law of demand does not change when the price changes. As our author well puts it:—

"demand in its true meaning of the general group of amounts he was prepared to give for tea, each amount being dependent on getting it a certain price has not changed" (p. 51).

But while we are quite prepared to find the sort of co-existence which we understand Mr. Cunynghame to postulate between the two states of an individual's demand for orchids, pertaining respectively to a period of rarity or abundance—to the scale, small or large, on which those exotics are used by society—still, as orchids cannot be at once rare and abundant, we see no objection to designating the state of demand by the attribute "short periods" (or perhaps "different periods"). Mr. Cunynghame, however, objects strenuously to this nomenclature (Preface and p. 73); with what justice we can better judge after considering his system as a whole.

We should piece the parts together as follows. Let us begin with an individual's demand for anything, as generally conceived, as described, for instance, by Professor Marshall (*Principles of Economics*, Book III., Ch. III., § 4). The amount of the commodity which he demands (efficiently) depends upon the price. To this received conception we are now to add that the amount of a commodity like orchids demanded by the individual de-

pend, not only on the price, but also on the amount purchased by others. There may be some little difficulty about the last phrase. Perhaps the amount purchased habitually on an average by the group of purchasers who are in competition with the individual would be an appropriate description. Passing over minor difficulties—for instance, as to the extent of purchases which the average is to cover—let us designate this new quantity, on which, as well as on price, the individual demand depends, as the scale of total consumption. Now let us put together these “individual demand curves,” as we shall call them. We thus obtain “the sum of the demands of all the individuals” (Marshall, *loc. cit.*, § 5); dependent, not only on the price, but on the scale of total consumption. There may be some difficulty about this summation on the ground that the scale which affects the demand of each individual is not the same for all, each being affected only by the others. But this difficulty disappears if we suppose, as we must suppose in a *régime* of competition, that the amount purchasable by each is negligible in comparison with the amount purchased by all.

The result of summing the particular demand curves is represented by Mr. Cunynghame—according to our interpretation—by a “successive utility curve” (ECONOMIC JOURNAL, *loc. cit.*). The transition to what he calls “the demand curve” is most easily expressed by mathematical language. Let x be the sum of the individual demands. It is dependent on p , the price, and on the scale of general consumption, which we will call x' . Now drop the *dot*, treating the x on both sides of the equation as one and the same quantity, and you will have a relation between x and p which constitutes “the demand curve proper,” as for the sake of distinction we shall designate what we understand Mr. Cunynghame to mean by “the demand curve.” It is characterised by this property. Take any amount, x , of the commodity, and form the individual demand curves corresponding to the scale of total consumption, x . The price at which the sum of those particular demands will be x is represented by the ordinate of the demand curve proper, corresponding to the abscissa x .

The construction may be illustrated by supposing some simple system of “successive utility” curve, *e.g.*, straight lines “negatively inclined” (*Cf.* Marshall, *Principles*, p. 174, ed. 4) (sloping downwards from left to right); as each individual demand curve, and therefore the compound called a “successive utility” curve, must be in general (*Ibid.*). The line designating such a curve lies nearer the origin the greater the amount of the article, of the

"orchid" species, habitually on an average purchased by the whole group of competing purchasers at the period under consideration. The demand curve proper will then be a parabola negatively inclined to the axis of x (or rather to the part of it with which we are concerned, the positive part, on the right of the origin).

Next let the article belong to the same class as certain "hymn books" instanced by Mr. Cunyngname (*ECONOMIC JOURNAL*, *loc. cit.*, p. 39): such that the more extended use thereof by the society is accompanied with a more urgent demand on the part of each individual. If, as before, the "successive utility" curves are negatively inclined straight lines, they are now to be conceived as *further from* the origin the larger the scale of social consumption. The demand curve proper will be a parabola as before, but one that is not throughout negatively inclined to the (positively part of) axis x . A part of the demand curve will be positively inclined to (the positive part of) the axis x .¹

We must confess that this elaboration of the theory of demand

¹ Let ξ_r be the amount demanded by a certain individual; and let the equation of his "individual demand curve" be

$$\xi_r = A_r - b_r p - C_r x'^2;$$

where p is the price, x' is the total purchased in some such sense as above indicated; a_r , b_r , c_r are positive coefficients (depending on the nature of the individual). Adding together the equations pertaining to each individual, we have the "successive utility" curve $x = A - Bp - Cx'^2$; if $x = \sum \xi_r$, $A = \sum A_r$, and so on, the summation extending over all the individuals with which we are concerned. Now, treating x' , no longer as a constant, but as a variable identical with x , we obtain for the supply curve (proper)

$$Bp = A - x - Cx^2,$$

representing a parabola of which the vertex is at the point $x = -\frac{1}{2}C$; $p = (A + \frac{1}{2}C)/B$. The right arm passes through the space enclosed by $+x$ and $+p$, $\frac{dp}{dx}$ being negative throughout that space.

Next let the C_r s, and accordingly C , be negative. As before, we obtain for the demand curve proper a parabola. But the vertex is now on the right of the axis y ; the arms stretch upwards; and there will always be a part at least of one of them (the one on the right) for which $\frac{dp}{dx}$ is $+$, while p and x are $+$.

These conclusions may be generalised by putting for the equation to a "successive cost curve"

$$x = \sum f_r(p, x') = F(p, x').$$

If the function f_r is such that not only $\frac{d}{dp}f_r$ is throughout negative, but also $\frac{d}{dx'}f_r$ for all the particular functions, then for the demand curve (proper), viz., $x = F(p, x)$, $\frac{dp}{dx} = \left(1 - \frac{dF}{dx}\right) / \frac{dF}{dp}$ is negative throughout. But if the conditions specified are not fulfilled, it may happen that $\frac{dp}{dx}$ is positive for a part, or even the whole, of the region with which we are concerned.

appears to us chiefly important as an introduction to the more difficult theory of supply. Corresponding to the three kinds of curve above described, we have now (1) "individual supply" curves, each connecting the amount which any individual producer is willing to supply with the price and the scale of total production; (2) "successive cost curves" (Cunynghame, *ECONOMIC JOURNAL*, *loc. cit.*), formed by putting together curves of the first kind; (3) the supply curve proper. In a *régime* of competition it must be supposed that the particular supply curves are positively inclined to the axis x . For there must be some impediment preventing an individual producer from cutting out all his competitors by producing more and more at an ever cheaper rate. "The necessity of carriage from one place to another is an obstacle. The impossibility of suddenly creating the necessary skill is another" (Cunynghame, *Geom. Pol. Econ.*, p. 90, and cf. Marshall, *Principles*, ed. 4, book IV., ch. XI., § 5, p. 365; p. 522. par. 4). If in a certain industrial *régime* we ascertained how much any individual would produce at a certain price up to the point at which it ceased to be his interest owing to some such impediment, and plotted a curve representing the amount of product corresponding to each price, that curve would be the individual supply curve (analogous to the individual demand curve). It cannot be a negatively inclined curve like that which represents the cost per ton of coal diminishing with the total output in a certain colliery to which Mr. Cunynghame refers (p. 71). For that curve is not, as it ought to be (analogously to the particular demand curve), the *locus* of the points at which the amount produced at any assigned price affords a *maximum* advantage to the producer. It is rather the locus of *zero* advantage; at any given price fixed by the outside market the firm would do well to increase its output. The statistics presented by Mr. Cunynghame in a graphical form may be described as constituting a *cost of production curve* for a particular coal-mine.

In a *régime* of monopoly, indeed, there need not be supposed impediments resulting in an upward curl of the individual supply curve. In fact, the conception of an individual supply curve, which represents the amount which a producer is just willing to offer at an assigned price, becomes insignificant in a *régime* of monopoly, a characteristic of the monopolist being his power to modify the price (*Cf.* Marshall, *Principles*, Appendix Note XIV.). We are concerned only with the cost of production curve, which may be either positively or negatively inclined.

The liability of an industry to be monopolised when it obeys

the law of increasing returns creates peculiar difficulty in the application of the geometrical method to supply. In order that the theory which has been above set forth with reference to demand should be extended to supply, it must be postulated that the output of each producer is small in comparison with the collective output of all his competitors. But this postulate is apt not to be adequately fulfilled in modern manufacturing industry; as Mr. Cunynghame reminds us in many a striking passage (pp. 79, 86-89).

Keeping to the *régime* of competition we may illustrate the successive cost curves by parallel right lines positively inclined to the axis x . First let the height, or distance from the origin in an upward direction, of a successive cost curve be *greater* the larger the scale of total production (corresponding to the case of agriculture, if as the total produce is increased a higher price is required to evoke any assigned amount of produce from the individual cultivators). Then the supply curve proper will be a parabola positively inclined to (the positive part of) the axis x throughout.

Next let the height of a successive cost curve be *less* the larger the scale of production (corresponding to the case of some manufactures). Then the supply curve proper will be a parabola, with one branch negatively, and one positively inclined to the axis x .¹ Presumably in the latter case "external economies," are overridden by a tendency to diminishing returns. Under other conditions the supply curve proper might be horizontal. (Cf. Marshall, *Principles*, ed. 4, pp. 398, 522.)

The interpretation of Mr. Cunynghame's theory which we have offered in the preceding paragraphs fits fairly well. But it is not to be concealed that the original presents some dark sayings and unaccountable reticences which baffle the interpreter. The relation between the "successive utility" and the "individual demand" curves, such as we have conceived it, is not explicitly affirmed by the author. We have inferred the relation from his use of the "successive utility" curves to measure "consumer's surplus." It follows from that property that the successive utility curves must be made up of curves, or discontinuous loci (polygons), relating each to an individual, which have each, at least transiently or potentially, the character of a demand curve.

¹ Put for the successive cost curves $x = A + Bp + Cx'^2$, where A and B are positive; and for the supply curve proper what this becomes when x' is substituted for x . When C is positive, $\frac{dp}{dx}$ is throughout positive, but when C is negative, this need not be the case. The conclusion may be generalised, as before in the case of Demand.

"Short-period demand curves," we should have thought, would be an adequate description both of the "successive utility" curves and the individual loci of which they are made up. They are "demand" curves for the reason just indicated. They are "short-period" curves because when there occurs a change in the conditions of supply, and accordingly a new point of intersection between the new supply curve and the old "successive utility" curve, then—the correspondence between our x and x' being disturbed—the successive utility curve must be conceived as changing its form until x and x' once more coincide. No such change of form is suffered by the proper, or, as we should like to say, "long-period" demand curve. We should have said so if Mr. Cunyngame had not expressly repudiated this nomenclature.

The treatment of supply presents analogous difficulties to the interpreter, with others that are even more serious. Mr. Cunyngame describes as a "supply curve" a diagram representing the cost of production of coal (p. 71) which appears to us, for reasons above stated, to be neither an individual supply curve, nor yet a supply-curve proper. Again, referring to the curve which represents the cost of production for successive editions of a book, Mr. Cunyngame speaks of a "line drawn horizontally through P " [the point corresponding to the first edition produced at a certain cost per book] as "the only supply curve that ever exists in the case of books that do not go to a second edition, and a very long-period supply curve many authors find it." Should not the case of these authors be relegated to the chapter on monopoly?

We trust that Mr. Cunyngame will prove his own interpreter in some future publication. We are sensible that it is a difficult and delicate matter to restate theories originated by another. Mr. Cunyngame himself sets the example of such adaptation when he attempts to translate into his own mathematical language Professor Marshall's celebrated foreign trade curves. The translation of a classic is seldom effected without the loss of some subtle quality which contributed to the excellence of the original. In the case before us it has been impossible to preserve in Mr. Cunyngame's representation the incident that changes in international transactions are apt to be attended with changes in the general level of prices—the marginal utility of money—within a country. It may be urged, no doubt, that with regard to small changes in the large system of modern commerce (*Cf.* Cunyngame, p. 120) the abstraction of this incident may be practised with safety. However this may be, for the purpose of education at least—since the exaggerated importance attached

to money is the source of the principal fallacies which beset the subject—is it well to forego the advantage of expressing the too easily forgotten truth that trade is, in Mill's phrase, "in substance and effect, barter"?

There is more than meets the eye in Professor Marshall's foreign trade curves. As it has been said by one who used this sort of curve, a movement along a supply-and-demand curve of international trade should be considered as attended with rearrangements of internal trade; as the movement of the hand of a clock corresponds to considerable unseen movements of the machinery. Mr. Cunyngame has set himself to illustrate these internal movements by a complicated system of his own curves. The beauty and flexibility of the geometrical instrument are well exhibited by this feat. Mr. Cunyngame has shown marvellous skill in surmounting the characteristic limitation of the geometrical method: namely, that, in his own words, "it can at most deal with three variants." "When we get beyond this we want a fourth dimension and our imagery fails us."

Notwithstanding this candid admission, we are not satisfied that Mr. Cunyngame holds the balance evenly between the rival claims of geometry and analysis. As exemplifying the peculiar power of symbols there occurs to us Mr. Pigou's masterly investigation of the incidence of a differential tax on wheat imported from foreign countries into the United Kingdom (*Fortnightly Review*, January, 1904). The subject-matter, an interdependent system of markets, foreign and domestic, is similar in kind to that which has afforded to Mr. Cunyngame his most brilliant triumphs of geometrical skill. But could even Mr. Cunyngame marshal in a plane, or even in space, all the variables which enter into this problem of *three* countries?

Nor are we convinced by the following objection:—"To express an experimental supply curve, as, for instance, Fig. 27, or price of getting coal, Fig. 35, or of producing a book, Fig. 27, or still more the curves of demand for corn or sugar by such an expression as

$$y = f(x)$$

is to invest these curves with an apparently simple law-determined character that they do not really possess." But as all that is knowable—much more than is usually known—is a set of discrete data, so much commodity corresponding to such a price, whether is it more arbitrary to draw a freehand curve through points representing those data, or to use a form which

stands for any one of an indefinite number of equations,¹ each representing a curve passing through the given points? Both the methods present the sort of difficulty which the student of Euclid has to jump when, for the purpose of proving some proposition, relative to triangles, he draws a figure which unavoidably presents other attributes besides mere triangularity. As Berkely says, "it is true that the diagram I have in view includes all these particulars, but then there is not the least mention made of them in the proof of the proposition." It seems to us quite tenable that the indefinite symbol "*f*" obtrudes particularity even less than a concrete curve-line. But it is natural that one who has attained such distinguished success as Mr. Cunynghame in geometrical political economy should be partial to that method.

F. Y. EDGEWORTH

The Theory of Distribution. By PROFESSOR T. N. CARVER.
(New York: Macmillan Co. London: Macmillan. 1904.
Pp. 287.)

PROFESSOR CARVER has not only shed new light upon his subject, but has also collected the rays from all other sources of illumination. Brilliant flashes from the latest literature, along with a dry light of classic origin, are reflected on his pages. The harmony between new and old expressions of truth commands belief. The work reads like a revised version of authorised doctrine. Many an old text which had almost lost its meaning overlaid with comment and controversy, now, as it were, re-translated from the original—not always very lucid—idiom, resumes the character of simplicity and truth. For example, the dictum that "rent does not enter into the cost of production," will nevermore, it may be expected after Professor Carver's explanation, perplex the inexpert. So, the truth which Ricardo somewhat harshly expressed when he predicted the same sort of effect whether you "diminish the cost of production of hats," or "diminish the cost of subsistence of men"—the portion of truth in this analogy is restated with final precision by Professor Carver. Even so elementary a proposition as that which connects value and cost of production comes mended from his pen. Among other improved statements we may refer to that which defines

¹ In particular, a rational algebraical function $y = A_0 + A_1x + A_2x^2 + \dots + A_mx^m$; whether the constants are considered as numerous as the observations and so fitting them exactly, or less numerous, fitting the observations as well as possible.

the relation between production on a large scale and the maintenance of "a true equilibrium of demand and supply." Not all have perceived so clearly that there must be postulated a demand large enough to enable a considerable number of establishments to run at their full capacity. The definition of Profits, the conception of the *entrepreneur's* function, may be mentioned as another subject respecting which our author has cleared up controversy.

A work so complete does not offer much opening to critical comment. We may at least avoid the monotony of encomium by mentioning two points which appear to us debatable: (1) the author's definition of diminishing returns, in relation to economic equilibrium; (2) that "the law of marginal productivity can be applied to the earnings of business management as well as to the wages of other labour." On these points we could have wished that the author had been more explicit; but we do not feel disposed to be so ourselves at present.

F. Y. EDGEWORTH

Elementary Principles of Economics. By RICHARD T. ELY and GEORGE RAY WICKER. (New York: The Macmillan Co. 1904. Crown 8vo. Pp. vii.—388.)

THIS little volume, both in conception and in execution, seems to us to be an excellent introduction to the study of modern economics. The general arrangement is simple and appropriate. The manual is divided into four books, dealing respectively with Introductory Matter, a Brief Sketch of Economic History, Economic Theory, and Public Finance. Two appendices are added, the one containing subjects for essays, discussions and debates, and the other suggesting courses of reading. To each separate chapter in the main portion of the book is similarly appended a summary of the argument of the chapter, a list of questions to be asked and answered, and an indication of the literature which may be consulted most advantageously by the student.

Nor is the ordering of the material in each of the four separate books less felicitous than the general arrangement of the whole manual. The book on Economic Theory, for instance, is divided into four chapters, dealing respectively with Consumption, Production, Transfers of Goods, and Distribution. The very order of succession in which these divisions of the subject are treated suffices to show that the authors are abreast of more recent developments of theoretical discussion. Their inclusion of a distinct book dealing with Economic History proves that they are no less

alive to the increasing influence of historical studies on economic thought; and this section may be regarded as a sign of the times in which we live. The devotion of a separate chapter to Monopolies and Monopoly Value is similarly a fresh illustration of the greater prominence now taken by monopoly, both in the practical facts of business life and in the speculative theories of the scientific student, as contrasted with that given by the incidents of bygone times, when the older economists compiled their systems.

In the particular details of their treatment the authors seem to us to have attained a considerable measure of success in avoiding the double danger of being too technical and of not being technical enough. Diagrams are employed, but not so frequently that the tyro need be deterred by any fear of difficult mathematics. And yet the authors do not shirk the necessary task of indicating and explaining the broad outlines of recent abstract reasoning which, without such guidance and suggestion, the plain man might ignore or misunderstand. Into the complicated recesses of tangled problems they necessarily do not enter, and the difficulty, for example, raised in connection with the law of increasing returns and the marginal producer, is summarily dismissed with the confident declaration that in manufactures, after a time, as in agriculture, a law of increasing gives way to a law of diminishing returns. This solution may be true, but it is generally reached with less ease and finality than those which characterise its treatment in the pages of this book. And yet the necessary limitations of such a manual dictate such drastic handling unless the student is to be bewildered and disheartened at the very outset of his journey. And, similarly, the treatment by the authors of the vexed questions of Free Trade and Protection, and of Monometallism and Bimetallism, seems to us to be marked by such an amount of impartiality, thoroughness, and candour, as the compass of their book permits.

In fine, in our opinion, this elementary treatise is the most satisfactory manual of its size which we have hitherto encountered. It may, no doubt, be susceptible of further improvement, which it will, perhaps, receive in subsequent editions; but, as it is, it has the great merits of covering the whole ground, of adopting an order of arrangement which commends itself by its clearness, its convenience, and its congruity with modern tendencies of study, and of avoiding an excessive amount of difficult and needless technicality without pretending that complex problems can be fully mastered apart from the expenditure of time and the exertion of pains.

L. L. PRICE

Lectures on Commerce, delivered before the College of Commerce and Administration of the University of Chicago. Edited by E. R. HATFIELD. (Chicago: The University of Chicago Press. 1904.)

THE faculties, departments, colleges—or whatever else they may be called—which are now being created at universities, American and British, for the study of “commerce,” and the independent institutions of university rank set up in Germany under the name of “Handelshochschulen,” are beginning to give rise to a literature of their own; and it is very necessary that they should. Even those who, like the present writer, are quite convinced that universities can, in a real sense, train men for business life and ought to undertake the task, cannot but confess that the problem what to teach, and the further problem, how to teach it, have not yet received anything like the amount of thought they require. It is not so very difficult to draw up what may seem an attractive curriculum; the difficulty is to carry it out. The text-books—but that is saying little; let us say, rather, the desirable “reading,” for stimulus, for suggestion, and for information—still have to be created for the larger part of the field of “commerce”; and it will be only after many experiments and the production of a vast amount of second-rate stuff that we shall begin to get books useful in actual instruction.

The volume now before us is immensely interesting in half-a-dozen ways; and it ought to be particularly useful on this side of the Atlantic. Here some fifteen leading business men of the United States, most of them in Chicago, will be found talking to students about their own particular lines of business. Their lectures are full of extravagances and exaggerations, faults of taste, and errors of style, and they will inevitably shock academic people—not in England alone. I hope I am tolerably hardened myself, and I care very little for the husk if it happens to contain a kernel. But I must confess that I could wish the editor had construed his duties in a somewhat severer sense. By a little judicious tact, as the proofs were passing through the press, he might have mended the construction of many a sentence by a hardly perceptible touch here and there; and there is really no reason in the nature of things why a student, while he is being made to think sensibly about business questions, should be taught to write bad English. However, this is relatively a small thing. The really striking thing is that these busy business men should have consented to give the lectures and—with all their varying

faults—made them so informing and suggestive. Certainly it would be exceedingly difficult, if not impossible, to get a like number of men of importance in the business world to hold forth in an English university. For this there are various reasons. One is that American business men are fonder of their occupation ; it is the main interest of their lives ; they are proud of it, and ready to talk of it. Another is the speculative turn of the American mind. Beneath the surface the successful business man will, with surprising frequency, be found a man of theory—he delights to feel his way to underlying principles and large generalisations. That these traits have their dangers goes without saying ; but it certainly makes the American business man more ready to put his brains at the service of the mere professor when he sets about teaching “commerce.”

To criticise with thoroughness the lectures in this volume would require several volumes of the same size. I must content myself with a few notes.

I am glad to see Professor Laughlin's protest in the Introduction (p. 23) against the “informational” courses which some misguided enthusiasts for “commercial teaching” are trying to put into the secondary schools. So far as instruction is not really “disciplinary,” it “defeats the true aim of education.”

Among the best lectures is that of Mr. Kenna (Vice-President of one of the great railroads of America, the Atcheson, Topeka, and Santa Fé), on Railway Consolidation. It will not be very intelligible except to those who are acquainted with the railroad situation in the United States, which differs in so many respects from that in Great Britain. But to those who know something of America it will be extremely instructive. Here is a railroad man so anxious to secure permission for the railroads to “pool”—undoubtedly the only remedy for discrimination—that he is ready to allow the national Government to control the rates of charge :—

“I know there are many who do believe that, if railway officials are given the right to meet in conference with other officials, to apportion traffic, or earnings therefrom, and to make lawful agreements to maintain rates ; and if the companies are given the right to contest in a reasonable way, before a judicial tribunal, such administrative orders as are thought to be unreasonable, and also the right to have the operation of such orders stayed until their reasonableness, in case of dispute, shall have been passed upon by the court—then the Commerce Commission should be given the right to prescribe a *reasonable rate* in every case of dispute arising on the complaint of one aggrieved” (p. 127).

Perhaps Mr. Kenna does not realise all the difficulties involved in this proposal. But his words bring out clearly what is visible

on the face of modern business : that with the passing away—or, if you like, the partial removal in certain respects—of competition (and that is what ‘pooling’ means), some control over the rates charged must be exercised by an authority representing the community. The conception of “just price” has seemed to many economists an intellectual “antiquity”—an antiquarian concern of “the historical school.” But the fundamental ideas underlying it will reappear and insist on consideration when the railroad man and the lawyer begin to turn to the economist and ask him what is “a reasonable rate.”

Other lectures calling for attention are those of Mr. Franklin H. Head, on “The Steel Industry”—an excellent brief account of the main facts in the recent history of that manufacture; of Mr. Kimball, on a very different part of the economic field, viz., the functions of “the credit man” in a great modern wholesale business; and of Mr. Jackson, on a functionary even more picturesque, “the industrial commissioner” of a railway line. This last lecture, describing as it does how a railroad of the Middle or Western States lays itself out to “develop” industrially the enormous tracts through which it passes, will make the English reader realise how very different the situation is on the other side of the Atlantic better than whole pages of statistics.

Very characteristic, not of the whole of America, but of the business man of the breezy West, are the rhapsodies with which so many of the lecturers adorn the accounts of their own particular occupation. When the representative of the Bethlehem Steel Company quotes with satisfaction someone’s remark that the new methods of making steel “have brought about more advance in civilisation than all previous inventions of man put together,” or when the President of an advertising company uses the delightful phrase, “commerce and its higher form of activity, *which is advertising*,” they hardly expect to be taken quite seriously. One can imagine the twinkle of the eye by which the grave words were accompanied. Let us hope that the good-humoured enthusiasm will prove infectious, and that the book will help some young Englishmen to think for themselves and get out of the well-worn ruts. The Englishman is ready enough to think there is romance about the Colonies; with many of the Americans who make careers romance begins much nearer home—in the Business.our young men are apt to despise.

W. J. ASHLEY

Principles of Justice in Taxation. By STEPHEN F. WESTON, Ph.D., Columbia University. *Studies in History, Economics, and Public Law.* Vol. XVII., No. 2. (New York, 1903. 8vo. Paper. \$1.85.)

THE economist is probably never called upon to discuss any subject which carries him so far into the field of ethics as the subject of taxation. However chary the self-styled scientific economist may be of ethical considerations, he cannot by any possibility reach a practical conclusion as to a policy of taxation without considering ethical as well as purely economic problems; for the policy of taxation relates to the art rather than to the science of political economy, and when the legislator attempts to adopt a sound policy he must consider not only the purely economic results of that policy, but such questions as justice and equity. It might possibly be advantageous to leave all such questions to the moralist, but we have to face the fact that the moralist has not as yet given us those precepts which can be successfully applied to the question of justice in taxation; therefore the economist is forced to take up these questions, in order to give any value whatever to his purely economic conclusions. At most his economic analysis can give him only one of the premisses necessary to his practical conclusion; and one premiss alone can lead to no conclusion whatever.

How *ought* the burdens of taxation to be distributed? This is wholly a question of justice. How *are* the burdens of certain forms of taxation distributed? This is wholly an economic question. And until both questions are answered, we must be absolutely in the dark as to the specific forms of taxation we ought to adopt.

Now, there are several contending theories of justice in taxation:—(1) The burdens of taxation ought to be distributed in proportion to the benefits received from the expenditure of those taxes. (2) The burdens of taxation ought to be distributed in proportion to the ability to bear them. (3) The burdens of taxation ought to be borne by those who receive incomes in excess of what they earn. (4) The burdens of taxation ought to be distributed in such a manner as to occasion the least possible disadvantage to the community at large. And there are various other propositions purporting to state the principle of justice. In the second category, relating wholly to economic considerations, there are also various views as to how the burdens of taxes are actually distributed. There is, for example, (1) the proposition

that the burdens of any tax are shifted from one to another, and passed about throughout the community until they are distributed over all its members. (2) Proportional taxes on incomes are not shifted, but are borne by the people upon whom they are assessed. (3) A tax on economic rent is borne only by those whose incomes exceed their earnings; and so on. One might state an indefinite number of similar propositions of a purely economic character, relating to the effects of various forms of taxation. One's practical conclusion would depend upon which proposition in each of the above categories, the ethical and the economic, he should adopt. If, for example, he should adopt the third in each group, his practical conclusion would be in favour of the single tax.

The work before us is devoted primarily to the selection of a proposition from the first group, though unfortunately the author confuses the question by attempting to distinguish between the ethical principles of taxation and practical justice in taxation. This is a real confusion, because what he regards as practical justice is nothing more or less than a practical conclusion, which is supposed to embody a principle of justice; the real distinction between the two is that of premiss and conclusion. The ethical principle of taxation must furnish the major premiss. Economic analysis of the work of cause and effect in taxation must furnish the minor premiss, and the practical conclusion comes as a matter of course, and is, when reached, what the author means by practical justice.

Again, it seems to the reviewer that the author has needlessly complicated the discussion by an analysis—very able, it is true—of the nature of the individual and of the grounds of his ethical obligation. This seems to be unnecessary when we consider that it is not the obligation of the individual which we have to determine, but the obligation of the State—for the State is the only voluntary agent in the transaction. The problem is not what the individual ought to do; it is not even what he ought to be made to do in order that he may fulfil his own obligation; it is rather what the State ought to do in the matter of taxation. If one takes a utilitarian view of ethics, therefore, the question is not what system of taxation would be most advantageous to the community, or least burdensome—which amounts to the same thing—if all individuals would voluntarily accept it, or could be made to do so without ulterior consequences; but by what system of taxation will the State do the least harm when it tries to enforce it upon a mass of individuals of differing degrees of willingness or unwillingness. This, unfortunately, the author,

in harmony with a great many others, characterises as the ignoring of ethical principles altogether; but the reviewer insists that this by no means ignores any ethical principle, but that it applies an ethical principle to the State as an entity rather than to the individual as an entity. It regards the State as having moral obligations of its own, just as the individual has moral obligations of his own.

This does not mean that the State exists apart from individuals. In final analysis, it may be reduced to a question of individual obligation, since the will of the State is simply the co-ordination of a multitude of individual wills. But the act of the individual in trying to impress his will upon other individuals through legislation is sufficiently distinct from his other acts to enable us to consider its moral aspect in a class by itself. But, in order to avoid needless repetition and the handling of a difficult concept, it is not at all improper to speak of the State as an entity, and as having a moral obligation of its own, and to try to determine what the State ought to do in regard to a great variety of subjects, including taxation.

It may be denied that the State is an end in itself, even by those who hold that to be true of the individual; therefore, self-realisation could hardly be the aim of the State, or the basis of its moral obligation. If one should regard the self-realisation of the individual as the ultimate good, then the obligation of the State would be fulfilled when it had taken such action as would allow in the fullest degree the self-realisation of its individual citizens. But it can hardly be called quibbling to maintain that this would be the highest self-realisation of the State. That is, the State would, in accomplishing this, have realised its highest end and aim. However, enough has probably been said to indicate the reviewer's belief that whatever theory of ethics one should adopt, he must apply it to the determination of the obligation of the State, rather than to that of the individual, in the matter of taxation. The reviewer's preference is decidedly for the utilitarian theory of ethics, and, therefore, he would test the soundness of a theory of justice in taxation on the basis of its utility. Now, since any tax is a burden, that burden must be made as light as possible in proportion to the revenue secured, in order that it may meet the utilitarian test. In other words, it is the duty of the State to distribute the burdens of taxation in such a manner as to occasion the least sacrifice on the part of the whole community. This has been called "the minimum sacrifice theory of taxation" (see *Political Science Quarterly*,

Vol. XIX., No. 1), and this theory seems to clear up much that is obscure in the question of justice in taxation.

The learning displayed in the work before us is broad and accurate. It is written in a truly philosophical spirit. The analysis is remarkably acute, and the style is clear. The monograph deserves to stand as a monument of painstaking research and profound thought. Nevertheless, it appears less satisfactory than it might be, for the reason that the author has just failed to grasp the key to the whole problem, and leaves us still with no very clear ideas as to what specific forms of taxation really do conform to the principle of justice, and not so very certain as to what the author regards as the real principle of justice. He tells us, it is true, that "the idea connoted by the term 'ability' more fully [than 'sacrifice'] expresses the ethical basis for the imposition of taxes, since it is the relation that most fully comprehends, not only the true relation of the individuals to the State, but also the ethical relations of the individuals in the State; it is most expressive, that is, of the fact that the obligation rests upon *persons*" (p. 207).

Now, aside from the indefiniteness of this conclusion, it is positively unsound, and this unsoundness is the result of the assumption that the obligation rests upon persons rather than upon the State itself, that tax contributions are voluntary and rest upon duty rather than compulsion (p. 207). This could be a safe assumption only on condition that taxes were voluntary contributions; but since they are not voluntary but compulsory, it vitiates the whole argument. We want to know, not how much the individual ought to contribute, but how much the State ought to collect, and these two questions cannot be resolved into one unless the extreme position is adopted that the State ought to try to make every individual do whatever he ought to do.

No kind of order can come out of the chaos of conflicting views on justice in taxation until we succeed in breaking loose from the question of individual obligation, and devote our attention directly to the question of the obligation of the State.

T. N. CARVER.

The Woman who Toils. By MRS. JOHN VAN VORST and MARIE VAN VORST. (New York: Doubleday. Pp. 303.)

THIS latest contribution to the literature of labour, like Wyckoff's *The Workers* and Miss Pettengill's *The Toilers of the Home*, is an attempt to portray out of actual experience the conditions of an essentially alien life. "Put yourself in his place"

would seem to be the motto of the literary realist. The artist must work from nature, but need not be a part of the scene he depicts. The social observer, on the other hand, must know the situation in his own person. He must breathe the air, lift the burden, undergo the fatigue, test the bread and butter adequacy of the wage. The method is the right one, but it is not often carried to a finish. To beg one's bread or to earn one's living for a few days or weeks with the consciousness of a good bank account in the background is not to know the life of "the other half." Experiment is not experience. Picturesque imitation can give no real insight into the vital problems of human existence. There is some danger that this method of sociological inquiry may degenerate into a fad.

The ladies who attempt to depict in these pages the life of the American working woman had no initiatory knowledge of toil or privation. The inevitable result is a want of the perspective essential to sane judgment. In the chapters written by Miss Van Vorst especially, there is an evident tendency to sympathetic hysteria. Both ladies, however, brought to their task an earnest desire to understand, and they were fettered by no prejudices or preconceived theories. *The Woman Who Toils* is, in consequence, a very human document. The conditions under which women wage-earners live and work are described with painstaking sympathy and considerable dramatic power. Each situation stands out clear and distinct; Pittsburg, the "black town of toil," Perry, the country village "where the wood's edge ran within a few yards of the factory windows," the squalid tenement-house district of Chicago, "the pest-ridden, epidemic-filled, filthy settlement" that huddled about the South Carolina cotton mill, all are drawn to the life. The people are no less true to type than their environment; the pin-money workers, selfish and silly, bartering life's opportunities for fine clothes and independence, the brow-beaten bread-winner of the tailor shop, leaving her place in tears, the stunted misshapen serf of the shoe factory, who has spent a long life in grinding toil and must die in the harness, the ignorant, unambitious "poor whites" of the southern mill towns, lazily content in squalor, "with no means to be clean and no stimulus to be decent."

In the account of living conditions the personal equation is more evident. Hard, unsheeted beds, coarse food badly cooked, the smell and smudge from the kitchen fire, the unlovely furnishings of ill-ventilated, ill-kept rooms, the sweaty, unwashed bodies of fellow-lodgers, all these things are distasteful to the fine lady

beyond the comprehension of girls to the manner born. Mrs. Van Vorst's account of her boarding places in Pittsburg and in Chicago is distorted beyond the recognition of the responsible persons by whom they were recommended. I have visited the southern factory village described in Chapter VIII., and know that while the water is disgracefully bad, and the country round about is swampy and malarial, not a tithe of the horrors described is visible to the ordinary observer. The southern mill town has a distinct advantage over the factory districts of New and Old England, in that the houses are comparatively new and are uniformly built as separate dwellings, with considerable yard space allotted to each. There is abundant light and air and soil for the growing of flowers and vegetables, had the people the wit to tend them.

Everywhere these make-believe bread-winners met with courtesy and kindness. Their fellow-workwomen welcomed the newcomers with sympathy and friendly offices. Fellow-workmen, too, extended to them the *camaraderie* of the shop with a word of cheer or of sage advice. Foremen they found, almost without exception, patient, just, and tolerant of the mistakes of a new hand. In all their varied experiences these ladies never encountered a shadow of annoyance or danger. Even in the south, where the lawlessness of the hills, combined with the degraded moral standards of the town, render the mill-hands a vicious population, the fellowship of labour was evinced in friendly helpfulness. Working conditions were everywhere astonishingly good. Muscular fatigue and the nervous wear and tear consequent on the unwonted strain were inevitable. The drained vitality of the women who had been for years at factory work is cited as evidence that labour is no less a burden to the *habitué*. This blood-tax is, alas, unavoidable where machinery is speeded to the highest pitch, and where operatives are paid by the piece. Filth and foul air, however, are relegated to the sweat-shop and the dens of the tenement worker. The enlightened employer realises the money gain in air and light and sanitary surroundings. Especially in the new cotton mills of the south does the proprietor take pride in fine buildings and modern labour-saving devices.

The most striking discovery made by these experimental labourers was the extraordinary ease with which, in these days of machine industry, a woman may learn a trade and earn thereby a living wage. Everywhere they found workwomen in demand, and nowhere were green hands refused. The first day's work brought fifty cents in a shoe factory, seventy cents in a pickling establishment, seventy-five in a knitting mill, one dollar and five cents in a

picture-framer's shop. Expert hands were earning from one dollar and a half to two dollars a day even in the cotton mills of the south, where labour is unorganised and wages comparatively low. Such easy achievement is demoralising, and it goes far toward accounting for the lack of industrial stamina among women-workers. Satisfied with a cheap success, they make no serious effort to gain in efficiency or to secure higher wages. Few women, moreover, take their work seriously as a life employment. All expect, more or less confidently, to marry some day, and to exchange the workshop for the home. They have no permanent interest in their trade, and show little concern to improve its conditions. The girls in the Pittsburg pickle factory, where Mrs. Van Vorst made her initial experiment, dragged through the day's work, reserving their best energies for the evening's ball. The zealous performance of the new girl evoked surprise and admiration. Each Saturday afternoon they went down on hands and knees and scrubbed the floors in sullen submission to a task they resented. The men, meanwhile, cheerily cleaned up their department with hose and mop. The men had clubbed together and were running a co-operative lunch-room at a cost of ten cents per day. The women, though furnished with dining-room and cooking utensils by the management, brought each her cold snack, and ate it in individualistic discomfort. Seldom was there evidence of any pride in work or of ambition for advancement. "I'm sick of the shoe-shops." "I hate the mill." "Ain't it just awful hard work? You can make good money, but you've got to hustle," were characteristic comments.

The bane of women's trades Mrs. Van Vorst finds, and quite justly, in the pin-money workers. Shiftless and inefficient, utterly lacking in *esprit de corps* and with no concern for a living wage, they degrade every employment to which they seek admission. "I don't have to work. I don't pay any board. My father and my brothers support me and my mother. But I couldn't have the clothes I do if I didn't work," was the explanation vouchsafed by one of these superfluous workers. "I don't like it at home. The kids bother me so. Mamma's people are well-to-do. I'm working for my own pleasure," said another factory girl, fourteen years old. These parasites work side by side with girls who are supporting not only themselves, but widowed mothers and invalid sisters. They are sinning against the *bona fide* bread-winners and against their own souls. Factory labour for women is at best a necessary evil. The drain on vitality is soon evident in haggard faces and shattered nerves. The best years of woman

hood are wasted in meaningless labour, and life's dearest opportunities go by unclaimed. "I ain't ready to marry him," said one of these butterflies. "Twenty-five is time enough; I'm only twenty-three. I can have as good a time just as I am. He didn't want me to come away, and neither did my parents. I thought it would most kill my father. He looked like he'd been sick the day I left, but he let me come 'cause he knew I'd never be satisfied till I got my independence."

Mrs. Van Vorst reserves her severest censure for these shallow and selfish devotees of independence. "The American-born girl is an egoist. Her whole effort is for herself. She works for luxury until the day when a proper husband presents himself. Then she stops working and lets him toil for both, with the hope that the budget will not be diminished by increasing family demands. In those cases where the woman continues to work after marriage, she chooses invariably a kind of occupation which is inconsistent with child-bearing. Many of these wilful shirks persist in their independent career till the opportunity for marriage is past. The factories are full of old maids; the colleges are full of old maids; the ball-rooms in the worldly centres are full of old maids. For natural obligations are substituted the fictitious duties of clubs, meetings, committees, organisations, professions, a thousand unwomanly occupations."

It was this denunciation of voluntary childlessness that called out President Roosevelt's letter of approval and the now famous warning against race suicide. "An easy, good-natured kindness, and a desire to be 'independent'—that is, to live one's life purely according to one's own desires—are in no sense substitutes for the fundamental virtues, for the practice of the strong, racial qualities without which there can be no strong races—the qualities of courage and resolution in both men and women, of scorn of what is mean, base and selfish, of eager desire to work or fight or suffer as the case may be provided the end to be gained is great enough, and the contemptuous putting aside of mere ease, mere vapid pleasure, mere avoidance of toil and worry. I do not know whether I most pity or most despise the foolish and selfish man or woman who does not understand that the only things really worth having in life are those the acquirement of which normally means cost and effort. If a man or a woman, through no fault of his or hers, goes throughout life denied those highest of all joys which spring only from home life, from the having and bringing up of many healthy children, I feel for them deep and respectful sympathy—the sympathy that one extends to the gal-

lant fellow killed at the beginning of a campaign, or the man who toils hard, and is brought to ruin by the fault of others. But the man or woman who deliberately avoids marriage, and has a heart so cold as to know no passion and a brain so shallow and selfish as to dislike having children, is in effect, a criminal against the race, and should be an object of contemptuous abhorrence by all healthy people."

This vigorous protest against race suicide has called out some confirmatory evidence from various sources, notably from the president of Harvard University. The data sent in by the *alumni* of the past fifty years bear unmistakable evidence of a progressive decline in the size of the families represented. The showing of the recent census gives the statistician even more serious ground for apprehending the ultimate extinction of the English race in America. The general birth-rate is thirty-five per thousand, higher than the rate recorded for England and Wales. The average excess of births over deaths is seventeen and seven-tenths, six points better than the English rate. But our seeming advantage is due to our large foreign-born population. In the North Atlantic States, the rate of increase for native whites is but three and eight-tenths, while the rate for the foreign whites is thirty-nine and six-tenths. The discrepancy is less in the southern, central and western sections, but the advantage is everywhere with the immigrant population. The rate of increase during the initial decade of our national history, when the population was almost wholly English, was thirty-five per thousand. This apparent decadence of the Anglo-Saxon stock cannot be attributed to Malthus's positive checks. War, pestilence, and famine have had little influence on the movement of population. Diminished nervous vitality, consequent on strenuous living in a bracing climate, is in some measure responsible. A rising standard of living coupled with larger educational opportunities has been even more influential. Marriages are deferred till a suitable home can be provided, and fewer children are born. These are factors that determine the rate of increase among the higher levels of our population, factors that affect men no less than women. The increasing tendency of young women to seek employment in factories and workshops, schools and professions has without doubt a depressing effect on the birth-rate, but this tendency is less frequently due to the shirking of the responsibilities of married life than Mrs. Van Vorst would have us think. The opportunity for marriage is inadequate among the urban populations, and especially in manufacturing centres. There are seventy thousand superfluous women

in Massachusetts, forty thousand in New York. This disparity between the male and female population is greater in the factory towns than for the State as a whole. So marked is the preponderance of women in the cotton mills and shoe factories of New England that such places as Lynn, Brockton, Lowell, and Fall River are vulgarly known as "she-towns." The cause for this lamentable distortion of normal human relations we must seek, not in the wilful self-aberration of the women concerned, but in the fateful influence of labour-saving machinery.

KATHARINE CONAN

WELLESLEY, MASSACHUSETTS.

The Influence of Farm Machinery on Production and Labour.

By H. W. QUAINANCE, D.C.L., Ph.D. (Published for the American Economic Association by the Macmillan Company, New York. London: Swan, Sonnenschein and Co.)

THIS stout pamphlet sets out very carefully and with much elaboration the effects of machinery on labour in the United States. The historical survey with which it is prefaced is also of interest to the general reader. The English farmer learns from it with amazement that in California and Oregon traction engines of no less than fifty horse-power may be found at work. These gigantic machines drag sixteen ten-inch ploughs, four six-foot harrows, and a press-drill which plants the seed wheat. One of them can plough, harrow, and sow at a single operation from fifty to seventy-five acres of ground in a day. The cutting and thrashing is carried out equally expeditiously by means of a giant combination harvester, which leaves behind it the sacked corn ready to be conveyed to market by another traction engine dragging a dozen cars. With the aid of such implements it is not wonderful that the American farmers are able to sell their grain so cheaply and still make money.

H. RIDER HAGGARD

The Business Side of Agriculture. By ARTHUR G. L. ROGERS. (Methuen.)

THIS little book is mainly concerned with the various methods of the marketing of agricultural produce in Great Britain, a subject which the author seems to have studied with much industry. When it is added that corn alone is said to be sold in one hundred and twenty different ways in England, it will be obvious that this quality is needful to their chronicler.

Although the subject is not one that it is easy to make attractive to the reader, there is much of interest to be found in the pages of Mr. Rogers. For instance, his account of the relations between hop-growers and the factors who sell their produce is well worthy of attention. He quotes Mr. Charles Whitehead as saying that almost invariably farmers are mulcted directly and indirectly by the charges and intermediary profits of middlemen. That there is much in the statement the present writer can testify, since he remembers many bitter complaints on the subject that were made to him when investigating the state of agricultural affairs in Kent. It was curious to notice also the fear shown by some farmers of their factors, suggesting as it did that they were in the power of these middlemen.

It is also pointed out that the growers of fruit and vegetables imagine themselves to have great grievances against the market salesmen to whom they consign their goods. Says Mr. Rogers : "The complaints that are made about it are many and bitter. Stories are rife which tell of fruit and vegetables consigned to a salesman in considerable quantities with no better return than a shilling or two of profit, and a bill showing how the salesman's commission, the market charges, and the cost of carriage and handling have swallowed up the remainder of the price. Consigners assert that they are unable to make out how the market charges are calculated while the prices quoted in the daily and trade papers are very different to what they received." As our author points out, however, this state of affairs is largely to be accounted for by the fact that the small and diverse consignments of English growers cannot hold their own against the plentiful and regular supplies that arrive daily from abroad. Also our British produce is much worse packed and presented to the buyer, whilst all "grading" is frequently conspicuous by its absence. Still there is no doubt that the English producers of foodstuffs suffer very largely owing to the existing methods of marketing. Thus, in the case of live stock Mr. Rogers states that "knock-out" sales, by which is meant an arrangement between buyers not to bid against each other for stock put under the hammer, are known to take place. He adds, "This is sometimes carried on so openly that the operators may be seen directly after the sale arranging matters according to the agreement."

• Generally, also, he is of opinion (see page 138) that our methods of sale expose the unfortunate farmer to every kind of sharp practice, and this without the consuming public gaining any advantage therefrom.

It is to be regretted that, apparently, the scope of this book did not allow of the setting out of possible remedies for the evils which it describes. Suggestions from so acute an observer as Mr. Rogers would certainly have been valuable. Still it is easy to see that he is a believer in co-operation. Indeed, his last sentence is "Who knows but that a great fortune may still lie before the English farmer, if he will but learn the lesson?" Unhappily this lesson of mutual support for mutual advantage is one that the English farmer persistently refuses to learn. He appears to be too proud, too independent, and sometimes too suspicious. Co-operation only makes real progress where there are many small-holdings, which is the reason of its ever-increasing success in Ireland. Without doubt its absence is one of the chief causes of the non-success of English agriculture.

Mr. Rogers' book may be heartily commended to the notice of all interested in the subjects with which it deals. Especially valuable are the figures that he gives of the comparative acreages of crops and grass and of the numbers of live-stock in France, Germany, and the United Kingdom.

H. RIDER HAGGARD

.

Eisen-und Stahl Industrie. VON DR. OSKAR STILLICH. National-ökonomische Forschungen auf dem Gebiete der grossindustriellen Unternehmung. Band I. (Berlin : Franz Siemenschroth, 1904. 8vo. Pp. xii + 238. Price 6m.)

THIS volume is the first of a series devoted to the study of large businesses, and the author proposes to follow it with others dealing with engineering, coal-mining, electricity, textiles, food industries, chemical industries, and transport. His aim is to discuss the technical, commercial, and financial progress of a number of representative businesses in each industry, in such a way as to display the leading characteristics of its different sections. Let us say at once that, so far as regards the present volume, he has succeeded. Yet the task was not an easy one. Manufacturers were ready enough to show him over their works, but when he inquired about details of business policy, or the relation of the firm to the whole industry, he found his difficulties begin. "We have only one aim, and that is to earn money," said one managing director to him, and that fairly represents the opinions of a large body of industrial opinion in all countries ; so long as the individual business is prospering, the interests of the industry in general or of the community are very apt to be left out of account. Dr.

Stillich had, therefore, to fall back upon business reports, which, he truly says, are "Werkkarg," and on official documents like exhibition or anniversary reports, supplementing the written material by personal inquiries.

Five famous businesses are described in the present volume—the Hoerder Bergwerks und Hüttenverein, the Ilseder Hütte, the Dortmunder Union, the Phönix, and the Vereinigte Königs und Laurahütte. The first of these dates from 1841, and is typical of the iron industry in Rhenish Westphalia. Originally working on imported iron from Belgium, it came into importance in 1849 with the discovery of blackband iron ore at Dortmund. The Bessemer process gave the English works a great advantage, and the company found itself unable to maintain the struggle with its own ores. The Gilchrist, or basic process, renewed its activity for some time, but then it was hard pressed by the competition of Luxemburg and Lorraine, where were the ores most suited for use in basic converters. The period of moderate success, 1852–73, was followed by a second, 1874–95, in which no dividend was paid for sixteen years. A complete renewal of plant enabled it to take advantage of improving trade, and only in 1901–2 was no dividend paid. Its capital is now 17,508,000*m.*, but in the past over 17,000,000*m.* of capital have been written off as lost, and the company has had to contend with great difficulties, being dependent on outside sources both for ore and coal, and, consequently, at the mercy of every turn of the market. The Ilseder Hütte, of Hanover, founded in 1858, on the other hand, illustrates the advantage of possessing an abundant supply of cheap ore, which being manganiferous, and containing three per cent. of phosphorus, is admirably suited for the basic Bessemer process. The cost of production of its pig-iron is 31*m.* per ton, compared with 46*m.* in the Ruhr district and 52*m.* in Upper Silesia; it thus benefits by a differential rent. In fact, the whole of Dr. Stillich's book proves how the German iron industry owes its greatness solely to the discoveries of Thomas and Gilchrist, who, as he says, thereby "did a bad service to their country, reducing in favour of Germany the capacity of England to compete in the iron market of the world." It may be noted, also, that their invention synchronises with the Bismarckian policy of protection, and that many of the results of their work are wrongfully attributed to the latter. The excellent financial policy of the Ilseder Hütte, which always accumulated large reserves and applied them in improvements, found its reward in dividends of 53 to 70

per cent. in the "hoch Konjunktur" period of 1896-99, and even of 40 per cent. in the bad times of 1901-2.

The Dortmunder Union tells another tale. It was a combination of three widely separated works, intended to cover all processes, from the raw material to the finished article, and was floated in the boom period of 1872, with an artificially inflated capital, a disadvantage from which it never recovered. The idea was to overcome unfavourable markets by the variety of products, which could hardly all be depressed at once, but this hope was sadly mistaken, especially in the crisis of 1900-3. Yet the principle itself was a sound one, as very many British works prove. It failed in the case of the Dortmunder Union owing to bad management, the unsuitability of the works for proper organisation, insufficiency of ores and coking coal, and defective labour supply. Dumping was resorted to as far back as 1877-8, with heavy losses, and further efforts were made to stem the fall of prices by kartells, yet, in 1902, the company had to report that the free action of the works, especially in the commercial sphere, was limited by these same kartells. Neither dumping nor protection nor kartells could save the German iron industry from the crises of 1873-9, 1883-7, 1890-4, and 1900-3, nor the Dortmunder Union from a loss of 73,050,000*m.* capital, nor from "slowly descending to its historic fate."

The history of the Phoenix Company, established in Eschweiler-Aue, in 1852, is similar to that of the Dortmunder Union, but since its amalgamation, in 1898, with the Westfälische Union, it has specialised more on wire production. Space will not allow us to go closely into details of its history, or into that of the Vereinigte Königs und Laurahütte, of Upper Silesia. From 1802 to 1869, the Königshütte was a State undertaking, which was gradually surpassed by private enterprise, and forced into union with the Laurahütte. The united works now employ over 20,000 men, and their natural market is Silesia; their interest in export is small, owing to the protective policy of neighbouring States, which caused them to establish a branch in Russia. The cost price of their pig-iron is high, but labour is cheap, and the extraction of by-products profitable.

The only regret we can express is that the book has not been completed by some examples from the Luxemburg and Lorraine iron industry. With this exception, we have nothing but praise for the work, which forms a most useful commentary on economic theory, and affords much elucidation of recent economic history. A similar volume dealing with British firms would be exceedingly

useful, and there is much material to be collected from the trade papers and technical journals. The ground has been left almost untouched, and there is a rare opportunity for some of the students who are being trained in our newer economic schools.

HENRY W. MACROSTY

Les Syndicats industriels en Belgique. By G. DE LEENER. Pp. xvi, 348. (Brussels: Misch and Thron. 2nd edition. 1904.)

THE writer of this book holds a brief for Industrial Combination, and holds it very ably. By "Syndicat industriel" he denotes any association of employers, whether temporary or permanent, which aims at substituting collective action for free competition. Such collective action is not only a decisive step forward in the march of progress, not only the form of industry best suited to our age—it is the logical and necessary outcome of the previous system of free competition. In the days of Turgot and Adam Smith, when the evils of state interference and artificial monopolies were very near and very patent, free competition was acclaimed the ideal condition of industry. Never was ideal more disappointing. The nineteenth century has shown that free competition is no safeguard against commercial crises, that it can neither establish nor maintain a fair rate of profit or wages, that, in short, it does not make for economic harmony. It was after the great crisis of 1873 that combines sprang up in Europe. Among the chief influences at work we must count the lowering of profits caused by under-selling and cut-throat competition, the natural tendency to reaction against the Individualism of the past century, the example of the workmen's unions, the facilities afforded by protective tariffs, and lastly, the common human instinct of imitation. But the main cause lay deeper: it lay in the fact that free competition carried within itself the germ of the system that was destined to supplant it. Perfect freedom of competition must end in the monopoly of the strongest.

There are four kinds of industrial combines, but the dividing line, as the writer admits, is drawn somewhat arbitrarily, and each class shades off almost imperceptibly into the next. The "Entente" is the rudimentary form, often no more than a friendly understanding between business men, whom the Chamber of Commerce or the Exchange has taught that their interests are, or may with advantage be made, identical. It frequently owes its inception to the temporary pressure of a strike or an incon-

venient rise in the price of raw material. The "Pool" or second stage in the evolution of the combine is a more permanent organisation, which does not, however, possess any definite constitution. In the "Cartel" or third stage, the employers are a regularly constituted corporation: they keep their separate control over the internal organisation of their several businesses, but their commercial as distinguished from their technical policy is directed by the Association. The Cartel may aim at regulating the conditions of employment, in which case it is the direct counterpart of the Trades Union, or it may limit production, arrange a division of the market, or regulate the conditions of sales and prices. This form of association is very prevalent in Germany, and has also met with much success in Belgium, where it represents the highest stage in the evolution of industry which the country has achieved.

The Trust is the perfect form of organisation, the logical goal of industrial progress. It is the complete fusion of competing enterprises into a single enterprise. The writer deals at length with the various factors at work in the development of Trusts, and gives a detailed account of the "Ententes," "Pools" and "Cartels" of Belgium—their origin, history and effects on the country's prosperity. The fully developed Trust does not as yet exist in Belgium, but if American competition in the home market is to be successfully withstood, Belgium will be compelled to use every resource at her command, *i.e.*, to organise and concentrate her forces. For where, asks the writer, does this American superiority lie? Partly, of course, in her vast natural riches, which, however, are neutralised in foreign markets by the cost of transport. Obviously not in technical skill and knowledge, since these are accessible to every nation. There remains only one possible cause—her superior industrial organisation—and this the Old World must set itself to emulate. The ideal does not perhaps commend itself to social reformers, who would prefer to strive for a better partition of goods, a fairer distribution of wealth, the abolition of a parasitic class. All these are no doubt laudable and desirable objects, but before we can distribute we must produce, and how to produce to the best possible advantage is therefore a question which meets us at the outset of all industrial reform. The answer is:—Organise—concentrate. Industrial combines benefit alike the producer, the consumer and the wage-earner: they increase specialisation, and so effect economies in the cost of production; they encourage technical progress and prevent violent fluctuations either of prices or wages;

they tend to suppress or at any rate reduce long credits; they diminish advertising, and to a certain extent eliminate the middleman. Further, they lessen the risks of trade, reduce the interest on capital, and as they regulate industry so they tend to diminish speculation. The unpopularity of the American Trust, though unreasonable, is not difficult to account for. While the European Associations of employers developed gradually, the American Trusts came into existence suddenly, obviously, blatantly—knocking their angles against a thousand established interests. In many cases they were accompanied by financial abuses, over-capitalisation, and reckless speculation. These are evils, however, which belong not to Trusts as such, but to Joint Stock Companies. Moreover the popular mind inevitably connects Trusts with monopolies, rings, corners and jobberies of every description—regrettable incidents, not essential elements in the organisation of industry.

In this respect M. de Leener is perhaps unduly optimistic. The abuses which have made Trusts unpopular may be partly incidental, and to the small competitor who is bound to sink in the race it is no doubt a matter of indifference whether his victorious rival is a single firm or a corporation. It remains true, nevertheless, that unfair methods of disposing of competition cannot always be checked; that the "latent competition" which is society's safeguard against monopoly is not always available, and that there are no signs at present on the political horizon of the abolition of the protective tariffs, which lend to Trusts their chief powers for evil. The dangers, though they may have been exaggerated, are none the less real, and though we cannot put back the clock, we must hope that the pendulum which has travelled from unchecked competition to almost unchecked monopoly—at any rate in the New World—will return to a more moderate intermediate position. Industrial organisation has a wide field of usefulness before it so long as it aims not at the suppression of competition, but the improvement of production and distribution, and in this respect M. de Leener has given us an excellent case for his side, and a valuable contribution to the literature of the subject.

HELENE REINHERZ

Der Frondienst als Arbeitssystem. Seine Entstehung und seine Ausbreitung im Mittelalter. By DR. OSKAR SIEBECK. (Tübingen : H. Laupp., Pp. v, 92. 8vo., M. 2.50.)

WHAT is the origin of villeinage? Historians, according to Dr. Siebeck, are unanimous in their reply, and unanimous too in their lack of insight into the question. He sets out to refute the theory which sees in villeinage a direct outcome and a mere alleviation of slavery. The obligations of the villein are too various and too complicated to be traced to a single source. Accordingly the writer distinguishes three types of compulsory services : those required by the state, by guilds and societies, and by the lord of the soil. The first two are public, the latter private in character, but all are imposed on free men, and the services which the villeins rendered to the lord were originally in no wise different from those which all rendered to each other in times of special pressure. In the course of time, the lords of the soil extended their protection to the Marks, and appropriated for their own use services intended for the community. Hence the confusion of public and private service, and the vast extension of villeinage. The tendency, says the writer, is a familiar one throughout German history, where officials have constantly devoted to their personal uses the forces over which their office gave them control.

HELENE REINHERZ

The Danish Poor Relief System: An Example for England. By EDITH SELLERS. (London : P. S. King and Co., 1904. Pp. xi., 125.)

IT has become the fashion now for social reformers to travel in foreign lands and bring back "examples" for England, which would become a curious patchwork of cosmopolitanism if she were meekly to follow all the advice offered. The enthusiasts for the institutions of other people seem to ignore the fact that the problems of one nation differ in many subtle ways from those of another, and must consequently find different solutions. More especially in this question of Poor Relief it is in vain to look abroad for our examples ; no other country has the same industrial history and organisation, the same traditions amongst the people, the same standard of life ; and it is by such things as these that the success or failure of our social reforms will be determined, and not by their success or failure in other nations.

And, indeed, there can be little doubt that if the author of

this book had happened to come upon the Poor Relief system in question in her own country, she would have been one of the first to attack it, not only because it was English but because of its very obvious defects. For instance, the average Old-Age Pension granted in Denmark, taking the country as a whole, works out at about 1s. 7d. a head; while the *average* for rural districts quoted by the author is £6 a year for a couple, 1s. 2d. a week each. No doubt those pensioners are better off who enter the Old-Age Homes, in praise of which the author is eloquent. They seem to be both attractive and economically worked. The dietary especially recommends itself to her, "dinners made up of stews, and broths, and cunningly devised concoctions of such things as sheeps' heads and tripe, all at once cheaper and more nutritious than beef." And yet we are pretty sure that such a dietary in England would have appealed to the writer very differently, and she would have regarded it as an iniquitous attempt to feed the helpless poor upon offal, instead of good wholesome beef and mutton. The fact is we have a much more expensive, if not much higher standard of living for our poor in England than Denmark, and no one has so far ventured to suggest a pension at a lower rate than 5s. a week. We had thought that the one excuse for the absurdly low rate of the Danish pensions was the greater cheapness of living in Denmark, but according to the writer, "the cost of living is not lower in Copenhagen than in London, nor is it materially lower in Denmark as a whole than in England." No doubt some of the pensions are supplemented by private means; but as this is only legal up to the amount of 2s. 1d. a week, it is to be hoped, for the sake of the old folk, that the law is evaded to a greater extent than the authorities will admit.

Again, what would be said in England of a system under which even the highest grade paupers are made to work "to the full extent of their strength" for eleven and a half hours in summer and ten in winter; while the lowest grade are subject in the penal workhouse to solitary confinement and strait jackets? A first offender "sleeps, lives, and works the whole time in his cell." While, no doubt, there is room for much stricter treatment of certain classes of paupers, English sentiment would certainly not tolerate in its workhouses a discipline which has been considered too harsh for its prisons. As an instance of the curiously partial nature of the author's sympathies we may note that she refers with approval to the brutal law which subjects aliens "destitute, or on the verge of being destitute," to incarceration in one of these penal workhouses for a year.

The feature of the Danish Poor Law, which, no doubt, makes it most attractive to those who have not much experience in the matter, is the attempt to classify all applicants for assistance in great detail according to their merits. English administrators have always avoided, as a matter of principle, this sitting in judgment on the merits of those who apply for relief, partly because they have recognised the impossibility of doing so with any show of justice, and partly because of the obvious fact that relief, if given at all, should be proportioned to needs rather than to the amount of favour which the applicant finds in the eyes of the Guardians. Nevertheless, it shows a want of familiarity with the working of the English Poor Law to say that we "have practically but one method of dealing with the destitute." A well-managed workhouse has no less than seven divisions, amongst which the inmates are distributed according to the kind and amount of attention which they need, to say nothing of the supplementary institutions—schools, infirmaries, casual wards, &c. There is also a curious passage on page 30, in which the author speaks of our local officers being tempted to class the insane as sane, because they are not partially maintained by the State, as in Denmark; but she can hardly be unaware that since 1888 there has been a steady increase in the numbers of those relegated to asylums just because of the "4s. grant" towards their maintenance.

There is some interesting information in the book, but it is too obviously written with the purpose of depreciating English administration to carry conviction; and it is difficult even after reading this panegyric to agree with the concluding sentence that "Denmark has certainly reason to be proud of her Poor Relief system, for it is both more humane and more just than those in any other country." A system which acquiesces in a standard of life for its most "meritorious" far below what we regard as the possible minimum of existence, while subjecting aliens unconvicted of any offence to the horrors of the "penal workhouse," argues neither humanity nor justice; whilst a policy which is admittedly increasing the numbers of those who yearly qualify for this inadequate relief speaks little for the wisdom of its promoters.

HELEN BOSANQUET

Poverty. BY ROBERT HUNTER. (New York: The Macmillan Co. Pp. ix, 382.)

IT is difficult to estimate the value of this book. It is largely declamatory, and deals freely in quotations from Ruskin, Carlyle, Morris, Rountree (*sic*), Booth, and Hobson; a curiously significant conjunction of prophets and statisticians. It borrows, and once more misinterprets, the inevitable 30 per cent., and Mr. "Rountree's" "startling probabilities" and sensational description of the men who must write no letters to absent children are practically made the text of the opening chapter. There are other indications that the author has taken little trouble to understand English conditions before writing of them.

On the other hand, it is arguable that declamations have a function to perform in arousing public attention to neglected duties; while there is no doubt that in describing conditions with which he is personally familiar the author walks with a much surer foot. The evils of insanitary conditions in large cities, of child labour, of insufficient and unequal factory legislation, the problems peculiar to America, which are due to an enormous immigration, and to differing legislation in different States: all these are put forcibly and clearly before the reader, together with some practical suggestions for the remedies.

HELEN BOSANQUET

Modern Methods of Charity. By CHARLES RICHMOND HENDERSON, assisted by others. (New York: The Macmillan Co., 1904. Pp. xiv, 715.)

So far as I know this is the most comprehensive and detailed study of modern methods of charity existing; the only similar piece of work being the "History of Charity," in the *Encyclopædia Britannica*, which is, unfortunately, hardly available to the ordinary reader. It is really more than its title conveys, as it contains a careful, though necessarily brief, study of the development of the present condition in the different countries dealt with, as well as a description of modern methods. Moreover, the author includes under the term Charity both systems of State Relief and such institutions as the Friendly Societies of Great Britain. As he covers no less than eleven countries, in addition to the British Empire (of which the different members are dealt with in six separate chapters), and devotes a special chapter to the study of Jewish Charities, it will be seen that the scope of the work is a very wide one. So far as I have been able to test

it, it has been excellently carried out. In the Preface we are told that "the attempt has been made to represent facts without bias, yet with careful selection of phenomena which seem to be really significant and decisive," and the author is to be congratulated on the success of his attempt. The book is remarkable for its careful moderation of statement, which, combined with its wealth of knowledge, makes it invaluable to all students of social economics.

There are numerous references to authorities throughout, and a bibliography which will enable the reader to carry further his investigations in any desired direction.

HELEN BOSANQUET

Industrial Co-operation. The Story of a Peaceful Revolution. Being an Account of the History, Theory, and Practice of the Co-operative Movement in Great Britain and Ireland. Prepared for the Co-operative Union by the Southern Co-operative Education Association. Edited by CATHERINE WEBB, with a Preface by L. L. PRICE, M.A. (Manchester : Co-operative Union, 1904.)

MR. PRICE's Preface is really a review of the book itself, and his praises of it seem well deserved. Though it was prepared in the first place as a text-book for the examinations held by the Co-operative Union, it is instructive to all and sundry who wish to know what working men's Co-operation means. The older text-books of Hughes and Neale, Acland and Jones, were becoming too old; and, even when supplemented by the Histories of Holyoake and Jones, and the more searchingly critical "Co-operative Movement" of Miss Potter, they could not easily do for us what Miss Catherine Webb has succeeded in doing in this volume. She has made it possible for one who is a stranger to the Co-operative world to apprehend, by reading little more than two hundred pages, what is the meaning and what are the general aims of workmen's co-operative stores and workshops, what is their present position, and what are their prospects; what is their history, and what their literature. There is no excessive load of figures and details; but the most important of both are given. As the authoress confesses, there is a certain amount of overlapping and repetition between section and section. One reason of this is very much to her credit. Not being herself a convert to Labour Co-partnership, she employed the pen of a well-known advocate of it to write of its rise and progress. When all is said,

the division among co-operators on this subject remains deplorable. The "Peaceful Revolution," like many other revolutions, has left too much of the old *régime* still standing. Miss Webb has no *eirenicon* to propose. Perhaps all that can be said is that, since the century opened, the obstacles to the general practice of co-partnership within the Co-operative Union have rather diminished than increased, while the practice of it in the outer world has increased considerably among private employers. The range of co-operative production (with or without co-partnership) has not greatly altered in the last ten years. If we compare the lists of manufactures given on pages 115, 135, and 251, with earlier lists, we find that the general boundaries remain the same. There are certain kinds of enterprise for which co-operation is not yet ripe. Perhaps the most remarkable of recent successes are the Co-operative Tenancies of the Home counties of England, and, in a far greater degree, the Irish Agricultural organisations.

The Congress of the Co-operative Union had Mr. Thomas Brassey as President in 1874, followed by Professor Thorold Rogers in 1875, Professor Hodgson in 1876, and Professor Marshall in 1889. There has always, from the days of Mill, been at least a Platonic sympathy of economists with Co-operation. In Mr. Price's case it is much more than Platonic, as his Preface shows. If Co-operation has not effected a Revolution, it is at least so solidly planted now in most districts of the United Kingdom, that it could not be removed from our midst without a Revolution. The history and literature of it can never be neglected by economic students. The literature, it is true, consists rather of lyrics than of epics; it is largely a literature of pamphlets rather than of books (see the lists on pages 267 to 272); but the history being as it is, the literature could hardly be otherwise, and the fact gives food for reflection.

J. BONAR

Economic Method and Economic Fallacies. By W. W. CARLILE.
(London: Edw. Arnold.)

It is to be feared that if this book should come to be recommended to students of economics, it will not be for the purpose for which it was written. It contains many attacks upon received doctrines, constructed with ingenuity and appearance of logical consistency, but in reality the attacks are directed, not against the classical doctrines, but only against loosely worded statements of these doctrines, sometimes merely grotesque caricatures. Fal-

lacies there are, but in many cases they are of the author's own making.

Against the rough statement that "rent does not enter into cost of production" there is much to be said, as Marshall admits, but Mr. Carlile's attempt to show that the whole doctrine of rent is merely the result of a double use of words will hardly convince. He does not seem to have paid attention to present-day methods of stating the arguments, or he would have been aware that competent modern exponents of theory have more accurate modes of expression than, for instance, the statement that the marginal cost of production "fixes" or "determines" the price. If these expressions are used, it is only for brevity, after the real relation between marginal cost and price has been explained. In this discussion, however, it must be admitted that Mr. Carlile has some solid ground to stand on, for the doctrine of rent is frequently put in a very loose form and cannot be regarded as out of the region of controversy.

When we come to value, however, especially the value of money, it is very difficult to see what the author means. Money, we are given to understand, must have a constant value, because, however desire may fluctuate, it always remains the "fixed intention" of everyone to get as much money as possible. Economists would express the idea which the author, apparently, is driving at, by saying that the final utility of money is never zero.

The author has much to say in the early parts of the book against the use of popular words in any other than the popular sense, and he also objects to the coining of technical terms. No better illustration of the inconvenience of attempting to carry out this policy can be given than the vague use made of the word "value" in this book. That the author does not understand the doctrines he is combating is evident from the following passage (p. 139):—"If potatoes or corn or silver are said popularly to have fallen 10 per cent. in value, then, the theoretical economists contend, it would be equally correct to express the fact by saying that gold has risen 10 per cent. Everything in the world, their theory holds, is equally stable and equally unstable. Wheat and iron warrants fluctuate just as much as, and no more than, gold itself." No distinction seems to be recognised between the value of gold as expressed in any single commodity, and its value in terms of commodities generally.

The Ricardian account of international trade is explained as implying that every separate transaction is settled in gold. First, something is imported and gold sent to pay for it. This lowers

prices and causes exports, which bring gold back and raise prices once more, causing imports to start again, and so forth. It is easy to show that this does not take place, and we are led on rapidly to the conclusion that the quantity of gold has nothing to do with prices.

In spite of all his quarrels with the economists, however, Mr. Carlile remains a Free Trader; and, in the latter portion of the book, gives some sound, though not very novel, reasons for his faith. It is unfortunate that the good is so much entangled with a mass of hardly intelligible matter, especially in the discussion of the bearing of modern psychology on the mode of stating the fundamental assumptions of economics. One feels that there is a germ of truth in the author's contentions, and that the use of the words "pleasure" and "pain" requires reconsideration; but it is going quite too far to suppose that the whole superstructure of theory is upset because we recognise that the motives which compel men to economise labour are not well expressed simply by the word "pain." Artists may enjoy their work, but they usually demand payment for it, and that is all that the theory of value really assumes.

C. F. BICKERDIKE

Adam Smith. By FRANCIS W. HIRST. English Men of Letter Series. (London: Macmillan and Co., 1904. Cr. 8vo. Pp. viii, 240. 2s. net.)

To every fresh reader of the *Wealth of Nations* there comes a time in the course of his study when he realises, perhaps with astonishment—it may be even with some stirring of the heart—that his author is no mere "famous eighteenth century economist," but a living personality, whose large outlook has extended his horizon, and to whose sound sense and integrity his judgment eagerly responds.

If this is the case with the uninitiated, it is no matter of surprise, though none the less of gratitude, that so true a disciple as Mr. Hirst should have produced a volume on Adam Smith which is full of interest, and well worthy of a place among the best of its forerunners in the series of English Men of Letters.

Much of this interest is doubtless due to the "comprehensive researches" of Mr. Rae, the value of which Mr. Hirst has fully acknowledged in practice, if not quite so adequately in his Prefatory Note—an omission the more easily pardoned, since the

form his acknowledgment has taken brings so large a part of the results of those researches within the reach of many who might not otherwise have seen them.

But interest of another kind is owing to the care with which Mr. Hirst has gleaned some of the more remote corners of the field of research, as well as to the many "morals" which adorn his tale. For he is very much in earnest, and his "morals" are not to be despised, since one of the ends they serve is to emphasise the fact that the principles which Adam Smith spent his life in advocating are still and must always be inherent in the well-being of nations, whatever their stage of development. Another proof of his earnestness is the refutation on p. 183 of the abuse heaped on Adam Smith in the *Fors Clavigera*, by which it is difficult to believe that even the most devoted of "Ruskinians" could have been misled. But whether necessary or not, the book would lose if this passage and the humour of it were absent.

Chapters IV., V., and IX. contain a careful examination of Smith's writings, if it is permissible to include under this head the *Lectures on Justice, Police, Revenue, and Arms* (chapter v.) which stands in chronological order between *The Theory of Moral Sentiments* (chapter iv.) and the *Wealth of Nations* (chapter ix.). It is never easy to condense well. The process is a trying one both to the book and to the person who attempts to carry it out, and the results are often misleading. It is therefore much to the credit of the present undertaker that in the case of the two last-named works he has succeeded so well, and it may seem hypercritical to complain that in spite of his full appreciation of their value as historical evidence, of their originality, and of the importance of the discovery which brought them to light as well as of the excellence with which they have been edited, Mr. Hirst has failed to convey any impression of the charm which the *Lectures* possess for ordinary readers. The freshness—almost *naïveté*—of the thoughts as they come straight from the lips of the lecturer, seems to bridge over the gulf of time and space, the reader feels himself a student in the Glasgow lecture-room, and it is a disappointment to find this human element ignored.

In his chapter on Free Trade, Mr. Hirst is perhaps at his best. His clear statement of Smith's views on the subject should be of much help to all who are feeling their way through the fiscal fog. Helpful, too, are his strictures on misguided critics who "rummage in the literature of the period" "instead of

attending to the author's own works and so penetrating his philosophy."

It may be hoped that the author's personality as it stands out in this little volume no less than the recommendation just quoted, may allure a new generation of readers to the study of the *Wealth of Nations*.

E. S. MOOR

NOTES AND MEMORANDA

HIGH PRICES OF SUGAR.

THE price of sugar in bond is now over double of what it was four years ago (say 14s. per cwt. against 6s. 6d. in 1901). As the Brussels Convention was put into force in the interval, many people, reasoning on the *post hoc ergo propter hoc* principle, stoutly maintain that this diplomatic instrument has deliberately sacrificed the interests of the sugar consumer to doctrinal whims and theories. This is a mistake.

The object of the Brussels Conference was to elaborate a system of international legislation under which sugar should be sold at what Adam Smith might have called its natural price, namely, at the price determined by its cost of production subject to the fluctuations of supply and demand. Now this object has been attained, for the present high price of sugar is its natural price under the present combined circumstances of, on one side, cost of production and, on the other, supply and demand.

The former state of things had been based on a lavish distribution of bounties on the Continent, generating over-production and an artificial depression of prices; in the long run, it must fatally have ended in a tremendous crash, sweeping away all small and most middling factories and leaving powerful and probably not over-scrupulous cartels and trusts masters of the field. One easily imagines to what height prices would have been pushed under their undisturbed control.

To return to the present aspect of the sugar question, nobody can deny this year's unexpected deficiency of more than one-fifth on the average beetroot crops in Europe entailing a reduction in the French, German, and Austrian production of more than 800,000 tons of sugar. Now sugar is a commodity which, if not yet quite an article of primary necessity, is still urgently in request for mass-consumption according to the modern standard of life. This startling deficiency is by far the pre-

dominant factor of the present dearness, as will be seen at once if we consult the quotations of the leading sugar markets. In Paris, we notice for a period of two years (from June 1902 to June 1904) a rise of about 6 francs per 100 kilogrammes, and then during last autumn a prodigious leap upwards of 15 francs. Exactly parallel and synchronous tendencies have prevailed in England, where we find beetroot sugar quoted 6s. 6d. towards the end of 1901, then rising to about 8s. during the course of 1902, remaining with secondary fluctuations about that level until the beginning of last winter, and then in a few months abruptly jumping from 8s. 4d. to 14s. per cwt. To the unprejudiced observer, it is obvious that out of this considerable difference of 7s. 6d. between the extreme figures, only 2s. can possibly be put to the account of the influence exercised by the Brussels Convention. The second and far more important movement is conspicuously a consequence of the excessive sunshine and exceptional absence of rain of last summer; it received its impulse from an exceptional meteorological phenomenon and not at all from a diplomatic blunder.

It is quite true that the effects of this deficiency of supply have perhaps been intensified by the previous reduction of stocks, caused by the growing consumption of sugar following the reduction of duties on the Continent to be mentioned later on. For many years it had everywhere been on the ascent, but in 1903-4, as shown by the following table, Germany, France, Austria, and Belgium have suddenly absorbed quantities from 30 to 50 per cent. larger than during the preceding annual period.

Germany.....	1,120,000 tons against	742,000 in 1902-3.
Austria	503,000 " "	381,000 " "
France	600,000 " "	371,000 " "
Belgium	85,000 " "	55,000 " "

As a consolation to persons who feel nervous about the recent tremendous rise of prices, we may add that under its influence the increase of consumption has not only experienced an interruption since the end of August, but that it has even already declined, at least on the Continent, for by a curious contrast in England consumption has been progressing.

	Sept. 1—Dec. 31, 1904.	Sept. 1—Dec. 31, 1903.	Increase or decrease.
France.....Tons	220,000	317,000	- 97,000
Germany.....	861,000	488,000	- 77,000
Austria-Hungary ..	148,000	183,000	- 35,000
Belgium	28,000	37,000	- 9,000
England	539,000	406,000	+ 133,000

At the time of the introduction of the new system, most Continental governments have liberally reduced the existing duties on

consumption; in Germany from 20 marks to 14, in France from 60 francs to 25, and in Belgium from 45 to 20 per 100 kilogrammes. Besides, a clause of the Brussels Convention had determined that the surtax on sugars imported from one of the contracting countries might no longer exceed the maximum rate of 6 francs per 100 kilogrammes (2s. 6d. per cwt.); this clause deprived the German and Austrian cartels of the Protectionist stronghold, under the cover of which they had extorted artificially inflated prices from the pockets of their defenceless countrymen. These measures have no doubt stimulated consumption, but sooner or later they would have been enacted under the pressure of public opinion, even if the members of the Conference had left Brussels without being able to come to a positive understanding. In France, white refined sugar, the price of which was about 105 francs a few years ago, is now at 77, notwithstanding the scarcity. On the whole, no complaints are heard on the Continent; the French *fabricants* have made up their minds to submit to the abolition of their long-cherished bounties, and the consumer, who gets his sugar cheaper, feels elated when he reflects that he is no longer directly or indirectly taxed in order to provide England with sugar under the cost of production.

It is conceivable that the impression should not be quite the same on the western side of the Channel, and that in many quarters people should wonder why the British Government engaged to repel bounty-fed sugar by countervailing duties or prohibition; many are loud in their discontent at what they consider as a display of uncalled-for doctrinal quixotism. It is not remarked, however, that, as we have just shown, the only elevation of price which can fairly be imputed to the Convention does not exceed 1s. 6d. or 2s. per cwt.; in fact, and notwithstanding the increase of consumption, prices have not—until this winter—exceeded what seemed to be their natural level during the decade 1890–1900. No one can exactly tell what, after a period of glut, would have occurred when the import into Europe of Colonial sugar would have been rendered utterly impossible, and when even the competition by small and middling beet-factories would have given way to the undisturbed sway of a combination of their more powerful rivals; still it seems highly probable that something like the present prices would have been exacted, not for a brief space of seven or eight months, but for a period of several years. If, according to the dictum of a French statesman belonging to the last century, *gouverner, c'est prévoir*, the British Government acted wisely when it resolved to assist in averting

this danger. But we must confess that this perfectly legitimate object might have been reached without enacting actual prohibition of bounty-fed sugar. On this point we entirely endorse the opinions expressed by Mr. Martineau at the end of the luminous article he published in the JOURNAL of March, 1904.

Respecting the confectioners, it may be said that their grievances are founded on the suppression of an anomalous state of things : experience shows that it is sometimes deceptive to embark in a branch of industry based on *national* protection ; to the extent it had expanded, their branch of industry was based on the existence of *foreign* protection. However respectable their interests, those of British refiners, and especially of British Colonies, were also entitled to be considered, the more so that what the latter required was simply the return to a sound and normal organisation of production.

E. CASTELOT

THE GERMAN COMMERCIAL TREATIES

AFTER many months of difficult and anxious negotiation, interrupted again and again in the case of two States in particular by periods of acute suspense, the German Government were able at the beginning of the year to announce the conclusion of new Commercial Treaties, on the basis of the Tariff of 1902, with Russia, Austria-Hungary, Roumania, Servia, Italy, Switzerland, and Belgium, and these treaties have duly been ratified by the Reichstag. Count von Bülow has not hesitated to assert that the treaties are intended in a special manner to protect the interests of agriculture, and in introducing them to the Reichstag on February 1st he challenged their acceptance in that sense. To make this still more clear he attended a banquet of the Agricultural Council on February 8th in order to celebrate with it the imminent introduction of the higher corn duties. "Now is the time of harvest," he said. "I have never expected that the harvest from the commercial treaties would quite satisfy the farmers. I will even confess that I should have been glad if much of the harvest had been better, both in quantity and quality. Yet I think I may say with a good conscience : 'If we have not been able to achieve everything, we have at any rate achieved the essential thing : we have worked agriculture out of the rough.' " With isolated exceptions Germany has succeeded in imposing upon all her neighbours the whole of the minimum

duties on grain which form the most important, and indeed the one original, feature of the new Customs Tariff, and here, of course, Russia, Austria-Hungary, and Roumania are specially concerned. These minimum rates (a) are as follows, per metric ton, the (b) existing, and the (c) new maximum rates being given for comparison (marks being for convenience counted as shillings) :

	A.	B.	C.
	Minimum duties.	Duties under the old Treaties.	Maximum duties.
	£ s. d.	£ s. d.	£ s. d.
Wheat	2 15 0	1 15 0	3 15 0
Rye	2 10 0	1 15 0	3 10 0
Oats ..	2 10 0	1 8 0	3 10 0
Barley for forage ...	0 13 0	1 0 0	4 0 0
Maize ..	1 10 0	0 16 0	2 10 0
Malting barley	2 0 0	1 0 0	3 10 0

Other duties are :

Flour ..	5 2 0	3 13 0	9 7 6
Malt	2 17 6	1 16 0	5 2 6
Hops	10 0 0	7 0 0	30 10 0

The importance of the foregoing increases for the German consumer may be judged by the fact that the imports of all the grains named had, in 1903, a value of, roughly, thirty million pounds. However, Count von Bülow has given his assurance that "the fear that the increased corn duties will prove a burden to the masses of the population" is unjustified, and it only remains to hope that experience will falsify its own teaching. Perhaps Count von Bülow meant that as the shoulders of the working man are already heavily burdened, a little more weight cannot make much difference. Only slightly less serious from the standpoint of the national larder is the fact that the duties on cattle and pigs have also been raised to a height never before contemplated—those on oxen from 4s. 3d. to 8s. per double centner (a tenth of a ton), those on cattle from 2s. to 8s., and those on pigs from 3s. 4d. to 5s. Here, again, the imports concerned had a value in 1903 of over six million pounds. What these higher duties on flesh food, which already is not consumed in sufficient quantity or quality in Germany, will mean for the masses, is a question of more than speculative interest. "The new duty on cattle," says the leading mercantile journal of Germany, the *Frankfurter Zeitung*, "is quite disastrous for the population of the towns, who will in future have to content themselves with dear, and, what is even worse, inferior meat."

Opinion is pretty well agreed in Germany that the only interest which will seriously gain by the treaties is the agrarian—

pre-eminently the large corn growers, and in a much smaller measure the stock-breeders—though at best there is no certainty that the relief held out to them will be permanent. Obviously, since the one pre-supposition of the new treaties was that agriculture must come well out of the negotiations, the bargaining was all at the expense of industry. Not only so, but by tying her hands in advance by the minimum corn duties, Germany was specially hampered as compared with States which had at their command a larger choice of weapons. Throughout, therefore, the treaties place German industry in a worse position for export than before. The Russian tariff has dropped most of the concessions won for industry by Caprivi in 1894, and in many cases the duties are increased from 30 to 50 per cent. Germany's exports to Russia during 1903 in iron goods, machinery, instruments, woollen and cotton goods, drugs and apothecaries' wares, dyeing stuffs, copper goods, leather goods, and haberdashery had a value of ten million pounds, and all these industries will suffer considerably by the higher duties. Germany's only material concession from Russia is the abandonment of the differential treatment of certain sea-bound imports, and especially iron goods, which Russia had threatened by way of reprisal.

Austria has accepted the minimum corn duties as well as higher duties on cattle and timber, but she has saddled the German metal, textile, leather, and paper industries with higher duties in return. The trade in pig iron and half-manufactured iron goods had already been curtailed by the old tariff, so these duties have not been seriously altered. The machine industry will, however, be hard hit, for high as were the duties before, many of these have been further increased. Of the seven treaties, that with Austria is alone obnoxious to the agrarians, inasmuch as it involves the modification of the drastic restrictive measures which have hitherto been enforced on the south-eastern frontier in regard to the importation of live stock. "Veterinary control" is the term employed for courtesy's sake, though every one knows in Germany that these "veterinary" measures are only a second species of Protection: a customs barrier behind a barrier, an inner fort of the agrarian stronghold. As part of the new agreement Austria acquires the right to export the fixed "contingent" of 80,000 pigs a year by way of Bavaria and Saxony.

Switzerland has fought Germany successfully with her own weapons, having insisted on higher duties against German textile goods generally, both finished and unfinished, also against leather goods of all kinds, chemicals, and iron goods.

Roumania, which had to face the certain decline of her corn export trade, has retaliated upon German industry, and especially upon the machine trades, and here Serbia has followed suit.

On the whole, the negotiations with Italy have resulted most favourably for Germany. Italy was never one of the hardest of bargainers, and the increase in her duties are not very numerous. The metal and mechanical industries are no more handicapped than before; though some of the old concessions have been refused to the silk and the leather goods industries. The Belgian treaty does not alter matters very materially.

The time at which the treaties will come into operation is various. In the case of Italy, Belgium, and Roumania it is stipulated that they shall take effect on the expiration of six months after some date to be mutually agreed upon; the time to fall, however, some time between January 1st, 1905, and July, 1906. In the case of Serbia a six months' interval must also elapse, and the earliest date here is January 1st, 1906, which is the date definitely fixed for the Swiss treaty, unless Germany should require its postponement until July 1st of that year. In the case of Russia the date fixed is within twelve months after the exchange of ratifications, with July 1st, 1906, as the latest date; and in the case of Austria February 15th, 1906, is adopted as a definite date. It is Count von Bülow's hope, however, that all the treaties may come into force on February 15th, 1906. All the treaties save one are to continue in operation until December 31st, 1917, the right being reserved to each contracting party to denounce its treaty by giving a year's notice either before that date or afterwards. In the case of Austria the provision is adopted that the treaty may come to an end two years earlier—that is, on December 31st, 1915, provided twelve months' notice be given by either side beforehand; should neither side move, the provisions operative in the other cases will hold good.

It is evident that the new treaties mark a clear departure from the policy inaugurated by Count von Caprivi, which aimed at facilitating Germany's transition from an agricultural to an industrial country. The fundamentally different standpoints adopted by the two Chancellors—both equally fiscal reformers, according to the economic premisses from which their rival policies have proceeded—can be illustrated by two sentences. "Remember," Count von Caprivi told the Reichstag in December, 1891, "that Germany is no longer an agricultural but an industrial State." "Germany is not merely an industrial State," said Count von Bülow in the same assembly, on February

1st, 1905, "she is both an agricultural and an industrial State." But while Caprivi frankly accepted the economic revolution which has changed the balance of power from the country to the town, and made the necessary concessions to industry ungrudgingly, Bülow, in spite of all his professions, clings to the Bismarckian tradition that agriculture is the main strength and resource and interest of the State; and that while industry must be tolerated it cannot be allowed to talk of rights. In effect, he would apply the immemorial theory of German politics and statecraft to the domain of economic policy. And yet it is certain that even the industrial duties will, in the main, benefit only those industries which have at command huge accumulations of capital, and are proportionately able to make their influence felt in political circles. The small industries and the handicrafts are loudly complaining that they have been betrayed.

The English Free Trader whom recent fiscal alarms have not perturbed will draw from this treaty episode the flattering consolation that while the eight countries concerned have for nearly two years been engaged in their exciting game of "*Qui trompe-t-on ici?*"—a game not free from vexation and risk—Great Britain, by virtue of the most-favoured-nation clause, will, without effort or anxiety, share the benefit of every concession which has been wrested by any one of the rival States from the others. It is one, and not the least, advantage of our policy of free imports that our Protectionist friends abroad perform this troublesome species of diplomacy for us.

WILLIAM HARBUTT DAWSON

THE ECONOMIC LEGISLATION OF 1904.

To begin with the measures dealing with Finance, additional duties are imposed by the Finance Act, 1904 (4 Edward VII., c. 7), upon tea, cigars, cigarettes, and stripped tobacco—the latter being for the first time distinguished from unmanufactured tobacco. In stripped tobacco, the stalk has been removed, and the bulk of the leaf largely decreased; it was, therefore, to the advantage of the importer to have his tobacco stripped abroad. The additional duties, both customs and excise, imposed upon beer and spirits in 1900 are retained. The Income Tax is raised from 11*d.* to 1*s.* The Revenue for the year will, it is estimated, amount to

£143,610,000. One other provision of this Act calls for comment. By § 10, the National Debt Commissioners are authorised to pay £1,000,000 into the Exchequer from their unclaimed dividends account; selling stock for the purpose as required. This unusual step was taken by the Chancellor of the Exchequer to help in meeting the realised deficit on last year of £5,500,000. He cited, as a precedent, Mr. Gladstone's action in 1863 (the last occasion on which this fund was dealt with), when, the assets of the fund amounting to over £3,000,000, invested in stock, Mr. Gladstone cancelled stock up to that amount. The analogy does not appear to be complete: Mr. Gladstone relieved the nation for ever of the payment of interest on £3,000,000; while the present scheme might become an ingenious method of applying the Sinking Fund to purposes of Revenue. It was, however, approved by a financier of such high standing as Sir Michael Hicks-Beach.

By the Appropriation Act, 1904 (4 Edward VII., c. 17), an expenditure on the Navy of £38,000,000 is provided for, being an increase over last year of £2,000,000. The appropriation for the Army is £36,000,000, a decrease of £6,000,000. The number of soldiers authorised by the Army (Annual) Act, 1904 (4 Edward VII., c. 5) is 227,000, excluding those in India. This is practically the same as last year.

By the Telegraph (Money) Act, 1904 (4 Edward VII., c. 3), an issue of £3,000,000 is authorised for the purposes of the Telegraph Acts. This sum will be spent in extending the Post Office telephone service, half of it in London, and half in the provinces.

By the Cunard Agreement (Money) Act, 1904 (4 Edward VII., c. 22), the Treasury is empowered to issue £2,600,000 for the purposes of the agreement. This sum is an advance by the Government towards the cost of building two new fast ships to Admiralty specifications, and is secured on all the assets of the Company. When built, all the officers and half the crew of these ships must be Royal Naval Reservists; and the Government may at any time take them or any other Cunard ships for their own use at a valuation.

Of the measures that apply to the United Kingdom, the Wireless Telegraphy Act, 1904 (4 Edward VII., c. 24), not only maintains the monopoly of the Postmaster-General, but is also necessitated by the impossibility of protecting this means of communication from an interference inconvenient in time of peace, dangerous in the extreme in time of war. By this Act, no wireless telegraphy apparatus may be established on shore or on any

British ship without the licence of the Postmaster-General, and no foreign ship may work its wireless apparatus within territorial waters, except in accordance with regulations to be issued. Electrical apparatus for the purpose of actuating machinery is excluded from the scope of the Act, and experimental licences may be obtained free of royalty or rent : while special terms are provided for stations transmitting news to newspapers.

The Act applies to the Channel Islands, and may be extended to British ships upon the high seas by Order in Council.

By the Shop Hours Act, 1904 (4 Edward VII., c. 31), county and borough councils, and urban district councils, in districts with a population over 20,000, may, by an order to be confirmed by a Secretary of State, fix the hour at which shops within their areas are to be closed.

This hour must not be earlier than 7 p.m., except on one day in the week, when it may be as early as 1 p.m. The order must be approved by two-thirds of the shops affected. Certain trades are not subject to such an order, including chemists, tobacconists, newspaper vendors, restaurants, and railway bookstalls. A penalty of £1 may be inflicted on the first conviction, £5 on the second, and £20 on the third.

The Prevention of Cruelty to Children Act, 1904 (4 Edward VII., c. 15), practically re-enacts, with a few modifications and additions, the Act of 1894. The Court may now hand over a child, whose custodian has been convicted of cruelty, to the care of any society for the reception of poor children, or the prevention of cruelty to children, and boards of guardians are permitted to subscribe to such societies. The right of a parent or teacher to administer punishment to a child in his charge is reserved.

By the Wild Birds Protection Act, 1904 (4 Edward VII., c. 4), it is made unlawful to set any trap "calculated to cause bodily injury to any wild bird coming in contact therewith" upon a pole or tree.

The danger of the spreading of disease by incoming ships is met by the Public Health Act, 1904 (4 Edward VII., c. 16), whereby the Local Government Board is empowered to make regulations with regard to ships arriving in port.

By the Hall-Marking of Foreign Plate Act, 1904 (4 Edward VII., c. 6), assay offices must by their marks indicate whether the plate was wrought in England, Scotland, or Ireland, or abroad : and by the Weights and Measures Act, 1904 (4 Edward VII., c. 28), the Board of Trade are given powers to draw up regulations as to the testing and inspecting of weights and

measures, especially with a view to cases where the construction of the weighing or measuring instrument appears to favour fraud.

The Railways (Private Sidings) Act, 1904 (4 Edward VII., c. 19), enacts that the reasonable facilities which Railway Companies are bound to provide for traffic, shall include facilities for the delivery of traffic to and from private branch lines and sidings.

Among the provisions of the Savings Banks Act, 1904 (4 Edward VII., c. 8), is one empowering the Trustees of a Trustee Savings Bank, or the Postmaster-General, to defray the expenses of any penny savings bank having an account with them. A penny bank is one in which the maximum deposit is £5—and upon obtaining that sum the depositor's account is transferred to another bank.

The transfer of accounts by the Post Office Savings Bank to and from Colonial or foreign Government banks is also provided for.

Of the measures affecting England alone the most important is the Licensing Act, 1904 (4 Edward VII., c. 23). The control of licences is largely transferred from the licensing Justices to Quarter Sessions; but the Justices may still refuse renewal of a licence on the ground of misconduct (which includes the refusal to supply other than intoxicating liquor), or on account of the unsuitability of the premises. In such cases no compensation (now for the first time provided for) will be allowed. Where Quarter Sessions refuse the renewal of a licence, compensation must be paid to the persons interested (among whom must in any case be the actual holder of the licence) to the amount of the difference between the value of the premises licenced and unlicenced: and the fund out of which the compensation will be provided is to be raised by making a charge on all renewals of licences—the charge ranging from a maximum of £1 on a renewal licence, in respect of premises of an annual value of £15, to a maximum of £100 where the premises exceed £900 in annual value. The licence holder, if a tenant, may deduct from his rent a part of the charge proportionate to the unexpired term of his lease.

The granting of new licences is left in the hands of the licensing Justices (subject to confirmation by Quarter Sessions), and they are given large powers of attaching conditions to the grant, and must in any case secure to the public the increase in the value of the premises due to the licence. A new licence may be granted for seven years, but no right to compensation is then acquired if renewal is refused.

The refusal of the county councils of Wales to administer the Education Act of 1902, has been met by the Education (Local Authorities Default) Act, 1904 (4 Edward VII., c. 18). By this Act the Board of Education may, on the default of the local authority, recognise acting managers of an elementary school, and repay their expenses, properly incurred—the sums repaid to be a debt from the defaulting authority to the Crown, which may be deducted from any Parliamentary grant payable to the authority. The suggested plan of campaign by which the local authorities were to throw the expenses of all their schools (which would far exceed the Parliamentary grants) upon the Board of Education, does not appear to have been carried out.

Two Acts relate exclusively to Ireland. The Irish Land Act (4 Edward VII., c. 34), solves a disputed question in the working of the Land Act of last year, by allowing to a tenant for life the benefit of the $12\frac{1}{2}$ per cent. bonus, due to an owner selling his estate under that Act; while by the Registration of Clubs (Ireland) Act, 1904 (4 Edward VII., c. 9), the sale of excisable liquor is forbidden on the premises of an unregistered club—registration being effected by application to Petty Sessions. The Police must be given notice, and may oppose registration. Certain requirements as to the Club rules are laid down, in order to ensure that the club is a *bonâ fide* one, and is properly managed. The certificate must be renewed every year.

MONTAGUE BARLOW

RECENT OFFICIAL PUBLICATIONS.

Report of Inspectors of Factories for the year 1902. Victoria, 1903.

THIS report is of special interest on account of the information it contains as to the working of the Wages Boards. Six boards were in the first instance created under the Factories and Shop Act, 1896, viz., in the bread, boot, clothing, furniture, shirt and underclothing trades. Under the provisions of the Act of 1900, boards were created in twenty-one other trades during that year, and in eleven other trades during 1901. One or two have been abolished, but thirty-six boards were in working order at the time of the inspector's report, and the chief inspector estimates that minimum wages affecting about 30,000 operatives are legally fixed by the determinations. Licenses can be granted to old and infirm workers to work

at less than the fixed minimum, and, referring to the oft-made statement that the system must press hardly on this class of labour, the chief inspector¹ states his opinion that, on the contrary, the aged and infirm workers obtain better wages than they would if the rate of pay were not fixed, and have less difficulty in obtaining employment than in trades not under the board system.¹ A graded scale of wages is fixed for apprentices and improvers, beginning at 2/6 a week for the first month. No premium may be paid for female apprentices. Miss Cuthbertson, inspector, thinks that in the dressmaking trade this system works out better for teaching girls their trade than the old plan of premiums for apprenticeship. When the girl has to be paid 2/6, "the employers see that they get something for their 2/6."

The extracts given from the reports of inspectors over different districts contain some curious details. In the brushmaking trade a successful effort was made to coerce a minority of employers who, for the sake of cheapness, had taken to employing women on work customarily done by men, and considered by the inspectors, and by the majority of employers, to be too hard and rough for women, viz., manufacturing large coarse brooms for sweeping streets, &c. The Board took the course of providing that for these special kinds of work "any females employed . . . [should] be paid at the same rates as males." When this was established, the work was done by men, by whom it could be handled more easily, the women being industrially unsuitable, and preferable only for cheapness sake. This remarkable determination was approved by those of the employers who had supported the creation of the Board, because, as they stated, they "could not continue to pay men good wages when subject to the competition of an employer who exploited cheap labour."

The Royal Commission on the Factories Law of Victoria, 1902-3, collected a quantity of evidence on the working of wages-boards, and a number of opinions expressed by employers, employed, and inspectors. These opinions are diverse, as might be expected; so drastic an experiment must of necessity excite opposition and cause some friction at the outset. Many of the objections raised were directed against points of administrative detail. Among the points to which exception was taken, was the appointment of a chairman from outside the trade; here the remedy is in the hands of the board itself, which can appoint its own chairman. There are evidently many reasons why the "practical

¹ Since the publication of the above-mentioned Report, the Amending Act of 1903 has empowered wages boards to fix special rates for aged, infirm, or slow workers.

man," with a detailed knowledge of the customs of the trade, would, for some purposes, be advantageous as chairman of a board. On the other hand, it is difficult to find a "practical man" who is not personally interested in the trade, and therefore biassed either towards employer or employed. On these grounds the balance of advantage seems to lie in the appointment of a chairman perfectly detached from the interests involved. If the board fails to appoint its own chairman within a specified period, the Governor of Victoria has power to fill the vacancy, and in the case of South Australia, the "practical man" has been set aside altogether, chairmen of wages boards being magistrates or judges appointed by the Governor.

Another cause of complaint has been that the rates of wages fixed are alleged to be ill-adjusted, the less-skilled worker obtaining a wage relatively too high, and the better skilled too low. In order, therefore, to guard against any tendency on the part of a board to fix "fancy" wages on an unpractical basis, the Amending Act of 1903 requires that the board shall ascertain as a question of fact the average rates paid by reputable employers to employees of average capacity, and that the lowest rates fixed by the determination shall in no case exceed the average rates so ascertained. If the board, however, considers the ascertained average to be unreasonably low, it may report to the Minister, who may refer the matter to the Court of Appeal (now constituted under the Amending Act), and the Court in that case may fix the minimum wage *above* the average ascertained. This method, while guarding against any relapse towards "sweating," appears to offer a fair and just safeguard against any ill-judged attempts to force wages to a point higher than the trade will bear.

Save for a few dissentients, the manufacturers examined by the Commission generally were in favour of the board system, especially if it could be extended to the whole Commonwealth. The evidence collected at Sydney shows the practice of sweating still prevailing, owing to Government work being taken over by the contractor who offers the lowest tender, and pays "ridiculous wages." A Sydney employer (q. 3,452) pointed out that women-workers were far better off in Victoria, owing to the more stringent factory legislation, and another favoured the introduction of a wages board (q. 13,226) on the ground that then "we should all be brought up to the same level." In South Australia the wages-board for the clothing trade (which had been disallowed in 1901, not long after its first creation) has been recently revived, and full regulations have been made for the election and constitution of the board,

not differing materially from the Victorian regulations, save as to the chairman, who, as already stated, must be a magistrate appointed by the Governor.

Whether the fixed wages are really adhered to, or whether there is collusion between employers and employed to evade the law, it is very difficult to say. It would obviously be impossible to prove a negative, viz., that no employee ever connives with his employer to take less than the minimum wage, and it is almost certain that some such cases must occur from time to time. The inspectorate acknowledges with regret an almost complete failure to enforce the law on the Chinese workers. The difference of language, and the diversity of manners constitute an obstacle insuperable by the inspectors' utmost perseverance and ingenuity. The Chinese says he gets his wages, and the inspector knows he doesn't, but cannot often prove his case. The probability seems to be that Chinese competition will gradually engross most of the cheap furniture trade; the higher grade work is little affected. Thus much is on the side of those who assert that wages-boards are, and must be, a failure. On the other side we have the testimony of employees who gave evidence before the Commission that their wages were improved by the determinations, and they themselves better off than formerly. We have the evidence of the lady inspector at Melbourne (q. 13,080), who is satisfied that the Act is being complied with, that the female employees receive the required wages, and that there are no longer sweating dens in Melbourne. Mr. Hall, inspector, thinks collusion could not be entirely prevented, but does not exist to any extent. We have also indirect evidence of success in the rapid extension of the system to one industry after another, and its adoption in the neighbouring State of South Australia. On one point those who support wages boards and those who oppose them are agreed, viz., the desirability of a uniform system for the whole Commonwealth. The manufacturers are strongly of opinion that in their own interests, as well as the workers', this species of legislation should, as far as possible, be Federal. New South Wales and Western Australia are trying the experiment of regulating wages through a Court of Arbitration, in many respects following the lines laid down by the State of New Zealand. A good deal of interesting experience will thus have been collected, should the Commonwealth ever be disposed to undertake a comprehensive scheme, whether on the New Zealand plan or the Victorian.

B. L. HUTCHINS

Report of the (Russian) Minister of Finance on the Budget of the Empire for 1905. (St. Petersburg, 1904.)

THIS document, well-printed in readable English, contains the official view of the financial position of the Russian Empire. Its conclusion is "That in 1904, notwithstanding the unfavourable influence of the war, there has been no serious disturbance either in the State finances or the national prosperity of Russia. . . . The favourable Budget for 1905, the stability of our currency, the satisfactory state of the market for cereals . . . all bear witness to the satisfactory completion, from an economical standpoint, of our first year of war" (p. 36). Nevertheless, even this authorised *apologia* shows some very serious features in the State economy. In the projected "Budget" no provision is made for war expenditure, which is regarded as completely separate. The balances of the Treasury, the loans and certain savings by the administration, were the sources which supplied the war funds. The arrangements for 1905 are left in obscurity. In a constitutionally governed country such an evasion of the financial problem would call forth the severest criticism. Another evil sign is the admission that there is slackness in the manufacturing industries. The artificial position which the protective system has created is almost certain to lead to further trouble. But perhaps the most suggestive feature of the Report is the way in which it seeks to explain away supposed unfavourable symptoms. A truly expository Budget should not, and a favourable one would not be put forward in this way. It may be allowable to accept the statement as to the absence of depreciation on the notes. There is, however, the atmosphere of suspicion thrown over even this essential matter. A less convincing piece of advocacy could hardly be found in financial literature.

C. F. BASTABLE

Papers relating to Resolutions passed by Colonial Legislatures since 1890 in favour of Preferential Trade Relations with the United Kingdom. [C^d. 2326.]

Second Series of Memoranda, Statistical Tables, and Charts. [C^d. 2337.]

IN this second "Fiscal Blue-book" new features are statistics of the expenditure by working-class families based on 1,944 returns; showing that the cost of living has diminished in the

last twenty years by some 16 per cent., though the cost of rent has increased in about the same ratio ; also a determination of changes in the mean yearly ocean rates of freight during recent years. The ingenious procedure by which the incidence of foreign and colonial tariffs on exports of manufactures from the United Kingdom was estimated in the first Blue-book, has now been extended to a greater number of countries.

*Final Report of the Royal Commission on Coal Supplies. Part I.
General Report. [C^d. 2353.]*

THE available amount of coal in the United Kingdom is estimated at about a million million tons. The present yearly output, which will probably not increase very much, is 230 million tons. Considerable economies are possible. The larger output attending export causes the selling price to the British consumer to be lower than if the collieries were worked for home consumption only. We have formidable rivals in the supply of coal, our power to compete with whom tends to be diminished by the coal tax.

*Second Report by Mr. Wilson Fox on the Earnings . . . of
Agricultural Labourers in the United Kingdom. [C^d. 2376.]*

THERE was a rise in earning (from 4 to near 7 per cent.) "in all four parts of the United Kingdom in 1902 compared with 1898. A comparison of wages paid in the same farms for a long series of years show the rise of wages since 1850 ; for England and Wales in the ratio 64 :101 (based on 69 farms).

*Alcoholic Beverages, 1904. 345. Showing the Production and
Consumption of Wine, Beer, and Spirits in Europe, the
United States, and the Principal British Colonies ; and the
Revenue derived therefrom.*

THE Bulletin of the American Bureau of Labour for September, 1904, is formed by the "exhibit" which the Bureau contributed to the Louisiana Purchase Exhibition. The results of the recent inquiries as to the cost of living and retail prices in the United States, and as to wholesale prices in the United States, among other interesting statistics are here presented.

LETTER FROM JAPAN.

1. Bonds Floated Abroad.—As was stated before,¹ the first issue of internal loans was subscribed many times over. Some went so far as to maintain that the war must be fought out with no external support, either of arms or money, and asked: What is the use of flotation of bonds abroad?

In order to make clear the point, we must first cast a glance at the state of international indebtedness. The balance of our trade has been against us, and the excess of imports which stood for the year 1903 at 27,633,000 yen, rose to 32,852,000 yen in the first four months of 1904. The chief cause of this excess is not to be found in the increase of luxurious consumption which underwent a great decrease, but in the increase of materials of war, steamers, and goods for productive use. These facts could not but call forth the efflux of gold, and the country lost more than 56,647,000 yen between January and April of 1904. Such a precipitation must naturally tell hard on the specie reserve of the Bank of Japan, which stood thus in the first week of each month:

	Yen.
January	115,683,372,000
February	105,320,470,000
March	100,279,159,000
April	89,631,208,000
May	79,095,436,000

As the Bank of Japan stands here in about the same position as is occupied by the Bank of England in England, the steady encroachment on its reserve gave rise to a feeling of uneasiness, and how to replenish the specie reserve became the question of the day. Just at this moment the negotiation of loans in London assumed a tangible form, and 10,000,000 of 6 per cent. Pound Sterling Loan Bonds at seven years term were issued in London and New York. Though the issue price was 93½ per 100, the premium rose high, and the loan proved to be a great success.

The success is due no doubt to the small amount floated, the good rate of interest, the first charge on customs, &c.; but some share must be given to the sympathy towards Japan and the credit based on her financial strength. Now the specie reserve of the Bank of Japan is gradually on the increase, by the proceeds of the loan being transferred to the reserve as well as by the favourable turn of the balance of trade, which usually shows more excess of exports during the latter half of the year. Moreover, it

¹ See ECONOMIC JOURNAL, Vol. xiv.

is most remarkable that the people are practising more thrift and abstinence on the one hand, and on the other hand are working harder and producing more.

In many cases villagers give a helping hand for the cultivation of lands owned by a family of recruits, and the output of silk and tea, for instance, has not decreased, as those remaining at home work extra hours in order to fill up the loss of hands caused by men being ordered to the front. Thus the fear of weakening of the reserve was temporary, being averted by the timely flotation of a foreign loan, and the gold reserve of the Bank stands now at 110,000,000 yen. Japan's national gratitude is due to England and the United States of America for their financial support. For this gratitude, however, investors need undergo no sacrifice or anxiety, because not only were the terms favourable but Japan has never failed to discharge her debts. When we remember that with a population of over 46,000,000 and resources much greater than usually supposed by the world at large, her national debt is only 838,962,521 yen, or 18 yen per head, her financial standing leaves no room for fear or apprehension.

II. The Issue of Exchequer Bonds.—According to the War Budget 380,000,000 yen were to be raised by loans, either long or short. Of this 100,000,000 yen was issued in March as the first series of Exchequer bonds, and besides 100,000,000 yen, was floated abroad in May. In order to cover the remaining amount a second series of Exchequer bonds was issued in June. The conditions were almost similar to the first series, except that the term was seven years instead of five, the issue price 92 in place of 95 yen per 100, and every application was treated alike, no preference being given to small subscribers as before. The result of the issue was much apprehended owing to the approach of the general half-yearly settlement day, and of the silk investment season, and to the prevailing low price of stocks and shares. But to the astonishment of even the most sanguine expectants, subscription was over 322,000,000 yen, of which more than 7,000,000 yen was above the issue price. The actual instalment payments of the two Exchequer bonds coincide, as shown in the table on p. 123.

The strain is by no means light, but not much hardship appears to be felt by subscribers, proving that there is a great latent and potential financial power. The most satisfactory symptom is found in the gradual increase of public deposits in

Date.		First Series.	Second Series.	Total.
		Yen.	Yen.	Yen.
March,	1904	2,000,000	—	2,000,000
April	"	15,000,000	—	15,000,000
May,	"	15,000,000	—	15,000,000
June,	"	0	2,000,000	2,000,000
July,	"	15,000,000	10,000,000	25,000,000
August,	"	10,000,000	0	10,000,000
September,	"	15,000,000	10,000,000	25,000,000
October,	"	15,000,000	10,000,000	25,000,000
November,	"	8,000,000	10,000,000	18,000,000
December,	"	—	5,000,000	5,000,000
January,	1905.....	—	15,000,000	15,000,000
February,	"	—	15,000,000	15,000,000
March	"	—	15,000,000	15,000,000

banks, which instead of showing a decrease for the instalment payment, are steadily increasing. But the most remarkable fact is found in the increase of postal savings, which when compared with the highest figures of last year, shows in September an increase of 1,010,091 in depositors, and of 4,552,812 yen in amount, giving 4,187,757 yen for the former and 36,447,478 yen for the latter.

Thus it is clear the general economy of the country is in a very promising state. Against this, some may perhaps urge the temporary closure of one or two banks, obstruction of trade by the Vladivostock Fleet, &c. But the bank accidents are in no way connected with the war, being simply an outcome of individual mismanagement continuing for many years, and the harm done by the Vladivostock Fleet is only temporary.

It is true that the Bank of Japan slightly raised its official rate on July 2nd. But this produced little effect. Railways and other enterprises which were put off on account of uncertainties, prior to the proclamation of War, are now taken up again, and the country is keeping up its economic vitality as if there were no serious war raging.

Now, 80,000,000 yen of Exchequer bonds are issued as the last dose of the financial scheme under the same conditions as the second series. The rice crop, which is estimated at 50,000,000 koku, will be an excess of 10,000,000 koku over the average produce, and one koku being about 13 yen, will increase the national income by 130,000,000 yen; thereby supplying the fund for the subscription of the bond. This, coupled with the good news from the seat of war, the rapid increase of savings of the people, and the large amount held by bankers, will lead to over-subscription of the bond. Thus the flotation of 200,000,000 yen within a

course of eight months was borne by the people without any great hardships, proving that we have not only "the men" but "the money too."

There is one more item to be mentioned which is not directly related with war finance, yet affords some facility to the actual disbursements at the theatre of war.

III. Formosan Gold Standard.—Before Japan came into possession of Formosa the currency of the island was in the same chaotic condition as in China. Coins in daily use were mostly of copper, and though some were made privately in Formosa, by far the greater portion were imported from Chinese ports. They were greatly debased, and the subsequent loss to the Exchequer led to a notification in 1890 prohibiting the private issue of coins. The gap thereby produced was filled up to some extent by Mexican, Hongkong, Canton, and Formosan silver coins, almost all of which were "chopped" and used merely as bullion.

Japan was thus confronted with a deranged system of currency. The new Formosan Government demonetised chopped silver coins, and the bank-notes of the Bank of Japan, as well as the silver coins made by the Japanese Government, formed the circulating medium. Although silver coins were freely made use of by the Formosan natives, the notes did not circulate except at a discount, which rose to 20 per cent. at one time. As a remedial measure, much trouble was taken by the Government to convert the notes. However, the people's habitual preference for silver was not to be altered at once, and the effort was not successful. Moreover, as trade with China still played an important part, the use of silver was a matter of actual necessity. Consequently, in July, 1898, it was decreed that one yen silver pieces should be circulated without any limit, and at the current gold price, which was to be notified by the Governor from time to time. The current price was at first to be fixed every four months, but this limitation was taken off in July, 1900.

During the interval, Taiwan Ginko (the Bank of Formosa) was organised by a Special Act as a central bank for the island, having the privilege of issuing bank-notes, which were convertible into one yen silver pieces. At the time when the bank began its business in September, 1899, the amount of notes issued was about 455,000 yen. But as the bank gained credit among the natives, and as the natives became convinced of the convenience of the notes, the amount of circulation steadily increased. By April, 1904, the total issue rose to over 6,051,000.

The system, though adopted as a temporary step to make the natives accustomed to paper currency, was not free from many drawbacks. Among others:—(1) The currency was unstable, fluctuating with the gold price of silver. (2) The prices of goods in the island and the rate of exchange with Japan frequently changed, rendering the trade risky and speculative. (3) With the gradual fall of silver, the burden of taxation was more heavily felt, and the purchasing power of holders of notes was curtailed. Therefore, as the use of paper notes by natives greatly increased, coupled with the facts that the route of trade was turned from China to Japan, and the commerce with the gold countries increased as shown below, the time for doing away with the provisional step ripened.

Year.	Export.		Import.		Total.	
	Gold Countries.	Silver Countries.	Gold Countries.	Silver Countries.	Gold Countries.	Silver Countries.
	Yen.	Yen.	Yen.	Yen.	Yen.	Yen.
1897	9,878,140	4,983,398	8,319,976	8,063,041	18,198,119	18,046,439
1898	10,857,963	6,160,013	9,232,350	11,909,823	20,090,318	18,069,836
1899	10,106,765	4,634,324	13,039,250	9,242,964	23,146,215	13,877,288
1900	9,983,958	4,950,317	14,979,166	7,030,541	24,963,114	11,980,858
1901	11,131,443	4,448,610	15,012,292	6,579,361	26,143,735	11,027,971
1902	16,290,906	4,840,861	13,459,851	5,875,971	29,750,757	10,716,832
1903	17,166,501	3,550,420	15,146,311	6,820,088	32,312,812	10,370,508

In June, 1904, it was proclaimed that on and after July 1st the Formosan Bank would issue notes convertible with gold coins, and that the already issued silver notes could be converted into gold or gold notes, according to current gold prices of one silver yen pieces, to be fixed by the Governor. As one yen silver pieces will be received by the Government, but will not be paid out, and chopped silver will have to pay an import duty of 5 per cent., they will gradually become extinct. Thus as time goes on the silver notes will be supplanted by gold notes, and without any fuss or disturbance the island will be able to enjoy a system of gold standard exactly the same as the Mother Country. Drawbacks inevitable to the previous system will be wiped away, and in her newly acquired colony Japan has succeeded in carrying out gold monometallism. Moreover, the silver now out of use in Formosa can be transferred for the use of our army in Manchuria.

As the annual gold production of the island may exceed 2,000,000 yen, and as the exports of the island even now exceed the import, there is no ground to fear for the maintenance of the specie reserve. Indeed, the success is not restricted to the

monetary system of the island, but its resources are fully utilised, the output of rice, tea, sugar, camphor, gold, and other staple exports being on the increase. Thus it is clear a great future lies before the island.

JIUCHI SOYEDA

(Correspondent of the Royal Economic Society.)

IMPERIAL TREASURY, TOKYO.

OBITUARY.

· EMILIO NAZZANI.

IN December last, at the age of seventy-two, Emilio Nazzani expired in a lunatic asylum. The scientific world in Italy gave hardly any heed to the passing away of the venerable economist, who, worn by unspeakable sufferings, had really died to that world more than twenty years ago. Nor, with the exception of the Professors Supino and Graziani, who wrote two feeling valedictions, has there arisen one among us to recall the merits and the works of the departed master. Yet none who have followed the evolution of political economy in Italy, during the last half-century, can refuse to pay a tribute of reverent homage to his memory, and to recognise how largely to him is due the origin and progress of economic *science* in our country.

To understand adequately the importance of Nazzani's work, we must go back more than thirty years, to that epoch when Italian political economy, dictatorially dominated by Ferrara, was reduced to being a mere rehearsal, more or less varied, of the optimistic theories of Carey and Bastiat, and concerned only to twist facts and arguments into a systematic laudation of the existing social *régime*. Now the first who dared to oppose the general vogue, and initiate an objective investigation into economic facts after the example of the classic English school, was precisely Emilio Nazzani. In the first place he wrote a memorable essay on land rent—*Rendita Fondiaria* (1872)—in which he defended, amended, and discussed most ably Ricardo's theory. He next dealt, in a more masterly manner than most of his contemporaries, with the subjects of profits (1877) of the classical school (1879), and of wages (1880), in so many monographs. These he then republished together with the first-named work, as *Saggi di Economia Politica* (1881). Finally, he gathered together the

most recent economic doctrines in his *Sunto di Economia Politica* (5th ed., 1894), a work chiefly noteworthy for its sobriety, elegance, and profundity. The influence of these works, as unassuming in form as precise in their conclusions, on the youth of Italy was very deep and marked. And it is to them pre-eminently that we owe it, if our younger generation frees itself from the peril of optimistic narcotics, and attains to the vigorous efforts of an objectively analytical science.

Unhappily, Nazzani's career as an appointed teacher by no means corresponded in eminence to his distinguished merits as a writer. He remained permanently tied to the second-rate position of teacher at the Technical Institute of Forlì. This, we hasten to add, was not through the fault of those who ruled the fates of higher education in Italy, but through the excessive modesty or timidity of Nazzani himself. It was to no purpose that he came out at the top of the competitors for the chair of political economy at Pisa. His native timidity, aggravated by the threats of a well-known publicist, his unfortunate rival, who announced his determination to be openly hostile to Nazzani, should he be appointed to the chair, induced him to decline the post. Thus it came about that one of the strongest and most original among our thinkers remained bound for life to a humble institution in a yet more humble town, living in silence and obscurity, surrounded by the veneration and affection of the few who had the good fortune to be near him, and winning the ardent gratitude of youthful students, to whom he was ever lavish in help and guidance.

It is twenty-eight years ago now, since I myself made precious and unforgettable proof of that infinite goodness of heart. Hardly fledged from the university I had set about writing my first work on land rent. In consequence of my petition to him that he would look through what I had written, and judge whether I could venture to confront the public with it, he responded with truly paternal solicitude, assisting me with valued counsels, which have gone with me like a beneficent *ægis* throughout the pilgrimage of my intellectual life. For a long time, alas! his physical and mental condition had rendered it impossible for me to derive such providential aids. None the less, I seem, even now, to have lost in him a sure guide, on whom I could lean in the most difficult passages, and I feel henceforth a lonelier man, and more orphaned in the ruthless struggle against the infinite mystery.

ELIJAH HELM

ELIJAH HELM, the Secretary of the Manchester Chamber of Commerce, who was also known as a writer upon practical economic matters, died at his residence at Altrincham on December 9th, at the age of sixty-seven. The son of a Blackburn spinner and manufacturer, Mr. Helm entered the Manchester cotton trade at the age of eighteen, and continued at business until he was elected, as Mr. J. F. Turner's successor, to the office of secretary of the Manchester Chamber of Commerce in 1890. Mr. Helm studied political economy under the late William Stanley Jevons in the evening classes at the Owens College, and for some years he filled the post of Cobden lecturer on political economy to the same evening classes that he had attended. For the two sessions 1879-81 he was president of the Manchester Statistical Society. In 1902 Mr. Helm received the degree of M.A. (*Honoris Causa*) from the Victoria University, now the University of Manchester. Mr. Helm was a frequent contributor to numerous papers and journals. Among his chief writings the following should be mentioned: a book on bimetallism (1894); the history of the Manchester Chamber of Commerce (1901); introduction to Young's *American Cotton Industry* (1902); two lectures on the cotton industry, published in the volume entitled *British Industries*, edited by Professor Ashley (1903); and contributions to the Manchester Statistical Society. Mr. Helm was one of the chief authorities on the history and economics of the cotton trade.

S. J. CHAPMAN

CITY NOTES.

WE receive the following City Notes from "R. G." :—

The Rise in Consols.—The event of the quarter has been the rise in Consols in February. From being little better than 87½ to 88, at which they remained for a long time, they suddenly rose to 91 and upwards, and at the time of writing (March 1st) they are just under 92. This is a considerable jump, and denotes a great change in the conditions of the stock markets generally, which have for long been depressed, but have suddenly begun to pick up. The increased price in February of the aggregate securities, dealt with by the "Bankers' Magazine" in its usual monthly

calculations, amounts to no less than £31,000,000, and although this is one per cent. only on the vast aggregate, over three thousand millions sterling, yet if it is remembered that the change is largely in leading securities, and that many hardly move from one month to another, it will easily be understood that numerous interests are most favourably affected. There is more life throughout all the markets; borrowers are more readily listened to; and operations become possible which could not be thought of during the stagnation which has existed almost since the Russo-Japanese war began.

Improved Trade.—One other cause of the improvement in the Stock Markets, besides the anticipation of peace in some quarters, appears to be a generally better tone in business. This may be said in all confidence, notwithstanding the evidences of want of employment and the large preparations for dealing with the unemployed which one reads of in all the papers. Perhaps, instead of "notwithstanding" we should have said "because of." It is always when the numbers of the unemployed have grown considerably and the common talk is of bad trade that things begin to turn. Employers at such a time very often find that conditions are favourable to their making profits, materials and wages are cheaper, and they are not disturbed by strikes as they are apt to be when business is booming and their order books are filled and more than filled. In the new circumstances they begin to take contracts with confidence, and thus in a short time there is abundance of employment, while profits come into the Stock Markets for investment, giving in turn a new stimulus to trade.

Cheap Money.—Another cause of the improvement has also been the return to ease in the money market. Usually, in the first three months of the year, Lombard Street is short of money in consequence of the payment of taxes into the Government account at the Bank of England. But although this cause has been operating as usual, the money market has become easier as the spring has advanced. The very unrest in Russia, affecting all Continental markets by sympathy, has probably helped towards the abundance of short money in London, as well as the accumulation of unexpended balances of the war loans that have been issued by both belligerents. Another cause is to be found in the greater productiveness of the gold mines in the Transvaal during the present year as compared with any year since the outbreak of the Boer War. Production has, in fact, gone back to the ante-

war level in the Transvaal; and as it has rather increased at the same time in other gold-producing regions, the accumulation of gold in London and other monetary centres, and the consequent ease in money, are accounted for. We should feel more confident in the ease thus arising if the dull times of the last few years had culminated at any time in a decided panic. The chances of such a panic before real and steady improvement comes ought not to be forgotten.

The Cost of War.—The long continuance of the Russo-Japanese War is again raising some of the questions which came up for discussion during the Boer War. Surprise is expressed once more at the possibility of vast outlays with hardly a ripple on the surface of the money market, and with so little direct economic disturbance of any kind, for Japan carries on its usual industries without inconvenience, and in Russia the interruption to business is more political than economic. The explanation is no doubt the same as that given as regards the Boer War. The huge outlays are paid for mainly out of the surplus income of the belligerents. What they have over after their other wants are provided for goes to maintain soldiers and to *manufacture clothing, provisions, and munitions of war* for the armies and navies. The fact that it is spent largely out of income and not out of capital is precisely the reason why it can go on for a long time, although the people are poorer than they would otherwise be. Hence the continuance of the vast outlays without the apparent exhaustion of either combatant. No doubt there is capital expenditure as well, but as far as internal loans are concerned it is obvious that this expenditure, which is charged to capital by the State, may nevertheless come largely out of the income of the people, the richer members of the community advancing what the State needs out of their income and so mitigating the burdens of the poorer for the present at the expense of the future. On the other hand, as far as foreign loans are concerned, this means that to a certain extent the war is carried on free of charge to the belligerents *at the moment*. No doubt they will pay in the end, and perhaps pay very heavily, but at the moment these foreign borrowings involve no exhaustion of the belligerents, which have all their surplus income available for the war just as if they were not borrowing abroad. The foreign loan is, in fact, an additional resource, increasing their power *pro tanto* beyond their own means. If neutrals could all agree to stop giving credit to belligerent governments in any shape or form, they would probably do more to stop wars between

such Powers as Russia and Japan, which borrow abroad even in peace times, than they do by such measures of so-called strict neutrality as they now enforce. It is one of the inconsistencies of our civilisation that although strict neutrality is "good form" on the part of neutrals when belligerent operations are going on, yet the neutrals, by lending money, may themselves largely provide the means for carrying on these very operations. When both belligerents, as in the case of Russia and Japan, are able to borrow from neutrals, the balance of advantage to either from the liberty to borrow does not seem very large, but the loss to civilisation, as compared with a rule of really strict neutrality, is enormous.

The Budget.—As a result partly of the generally improved tone in business and in the money market, there is a more hopeful feeling about the next Budget. The Government, it is understood, is economical, and it begins to be seen that the main sources of revenue are unimpaired, whatever may have been the momentary fluctuations. No one who considers the history of the revenue for more than half a century will be surprised. It would be useless, however, at this date to speculate regarding the next Budget, as doubt will be set at rest soon by the production of the estimates, which cannot be long delayed.

R. G.

LABOUR NOTES.

FROM the Board of Trade Returns as to changes in wages during 1904, it appears that the downward tendency which began in 1901, and still continues, resulted, so far as the various groups of organised trades to which the figures refer are concerned, in a net decrease of £39,117 per week. Something less than 800,000 wage-earners were affected, and in no important groups was an advance recorded. It is pointed out that, continuous though the decline in wages has been of late—a feature that has been especially marked in the coal mining industry—not much more than the abnormal rise of 1900 has disappeared in the decreases of the last four years, although these amounted in the aggregate to about £229,000 per week. The net result of all the variations, up and down, of the last ten years, has been a weekly gain in wages of about £177,000.

THE Northumberland miners have recently endorsed the view that has for some years been advocated by a minority of their members, that the principle of a minimum wage should be made part of their working arrangement with the Conciliation Board of the County. The voting, however, did not show a sufficiently decisive majority, according to the rules of their Society, to ensure further action being taken.

IN the sudden death, still in harness, of Mr. Ralph Young, their Assistant Secretary and Miners' Secretary of the Conciliation Board, the Northumberland Society has lost, not only a leading figure in its own organisation, but a pillar of trade unionism in the north of England. Mr. Young was one of the stalwarts of what may be described as the pacific and diplomatic school. A fighter, he believed in peace; an idealist, with the dream of industrial co-partnership ever tempting him to look towards times ahead, he has for years been one of the wisest negotiators on the problems of the moment that a trade union has ever had. He was one of those appointed to serve on the Coal Commission that has just reported, and all members of that body have lamented his death, and his inability to take part in the closing scenes of the Commission's prolonged and valuable inquiry.

To the principle of the minimum wage Mr. Young, it may be noted, was no convert. "It is simply a theory," he said to the writer last summer, and he held that it was one that could never for long justify support when its adherents were really confronted with the strain of adverse conditions as to demand and price.

THE proposal that the Northumberland miners should join the Miners' Federation of Great Britain has resulted in the decision by a majority of more than three to one to take this step only if the terms of the Federation can be greatly modified. The chief obstacle to federation has been the enforcement by the National Body of the acceptance of the principle of the legal eight hours day—a working day that is longer than that already won by the adult miners in the two northern counties.

REGARDING the strike among the German miners in Westphalia as being primarily intended to secure the right of combination, considerable financial help is being afforded them by the organised miners of this country, the Miners' Federation, for instance, having decided to make a grant of £2,000 per week, the Durham miners of £200 per week, and the Northumberland miners one of £100 per week, to their German fellow-workers. An attempt is also being made to limit any increase of output that British mine owners may be tempted to secure to meet the possible stiffening of the Continental demand.

THE organisation of the "Labour Party" in the House of Commons has made progress recently, and has taken a new form during the last few weeks, joint meetings of all sections of what has not of late been a very united party having been held. Mr. John Burns has been elected Chairman, with Mr. R. Bell and Mr. C. Fenwick as conveners. Furthermore, resolutions have been passed at an unusually representative meeting of the various sections identified with the labour movement, through which, according to the Chairman of the Labour Representation Committee, local organisations will be left "free to take what action they may think fit when the various candidates are before them." Thus, one great stumbling-block of the last few years appears to be in the way of removal.

THE problem of "unemployment" has attracted much attention during the past winter, and a good deal of the interest of the steps that have been taken to deal with it has been focussed in the work of the Central Committee formed in London on the lines laid down by Mr. Long, as President of the Local Government Board. In method, in the wider realisation of the complexity of the classes who, suffering often from various forms of social disability, are apt to be regarded as those whose position of stress is entirely due to "want of work," and in the consequent sense of the prime need of careful classification in attempting to deal with those who suffer from this particular form of industrial disability, considerable advances have been made.

ERNEST AVES

CURRENT TOPICS.

THE scheme for a Garden City has been quickly followed by proposals for a Garden Suburb and by a new Garden Village. Mrs. Barnett of Toynbee Hall is responsible for the idea of a Garden Suburb. The trust, which she has formed to bring it before the public, has secured from Eton College an option on 240 acres of land adjoining Hampstead Heath. While Mrs. Barnett's scheme follows the example of the Garden City in attempting to prevent the growth of "miles of mean streets," two points of difference may be observed between the two plans. The Garden Suburb does not hold out that prospect of absorbing "unearned increment" which has formed one of the main attractions of the Garden City. The reason presumably is that, whereas the Garden City company purchased their land at its agricultural value, in the case of an estate within six miles of Charing Cross the rise in its value is so certain as to be discounted in its price. The second point of difference is that Mrs. Barnett emphasises in her scheme one of the essential ideas of Toynbee Hall. The Garden Suburb is to be a protest against "the separation of different classes into different districts"; and the rich and poor are to live in proximity.

MEANWHILE, Mr. Rowntree is establishing a Garden Village at West Huntingdon. Some of the houses are already built and occupied. Now that the experiment is started, Mr. Rowntree has followed the example set by Mr. Cadbury at Bournville in handing the estate over to a trust. A feature of the new village is an attempt to imitate the work of Miss Octavia Hill. A lady who is a certificated sanitary inspector and a member of the York Board of Guardians, acts as agent to the estate, passes the plans for new houses, lets them to the tenants and personally collects the rents.

A MANIFESTO on the Unemployed was issued at the end of December by the Trade Union Congress and the Federation of Trade Unions. The most important proposal is that Mr. Long's scheme for London should be extended to the whole country. A bold development of it, however, is suggested. While the chronically out of work may be left to the Poor Law, those described by Mr. Long as "respectable men temporarily distressed"

are to be dealt with by the trade unions. They claim that their "knowledge of the character, suitability, and antecedents of their members" will enable them to perform this duty effectively. The manifesto is not, however, very clear as to how they would obtain this knowledge about those who belong to no union and who constitute the most serious part of the problem. It is a pity that the authors of the manifesto still hold to the assumption of a fixed work-fund. This seems to dictate their belief that "an adequate reduction in the hours of labour" will, by lessening the amount of work done by each man, leave more for the employment of others.

A CONTRIBUTION to the problem of finding work during exceptional periods of unemployment seems to have been made by the Tynemouth Municipality this winter. They employed a number of men for several days to dig down to the foundations of the old Norman chancel in the Priory Church, Tynemouth—an object which had been recommended to them by one of the writers in the *New County History of Northumberland*. We understand that the discoveries thus made were important for art and history. The incident suggests that in other localities of an old country it might be possible for those who take an interest in the local antiquities at once to gratify their own tastes and to benefit, without pauperising, their unemployed fellow-citizens.

THE Board of Education has issued a circular to the new educational authorities pointing out that to learn habits of thrift is an important part of education. (*The Times*, February 10th.) It suggests that, where no similar provision has been made already, advantage should be taken of the facilities offered by the Post Office for the establishment of Penny Banks in schools. A by no means easy task seems to be set to the teachers in the suggestion that "simple lessons might be given on money and on the conditions which affect the rate of wages."

THE Glasgow City Council has been considering during December a scheme which appeared at first sight to be a revival of the "octroi." It was that dues should be levied on fruit sold outside the municipal fruit markets. The authors of the proposal, however, seem to have been aiming at municipal monopoly rather than municipal protection. They claim that the municipality, after spending large sums on erecting the markets,

"could not run the risk of having a competitive market started in some other part of the city." Another argument, however, which is less obviously open to criticism, is that no adequate inspection can be guaranteed over fruit sold at private markets. The proposal was not adopted, but we are informed that it is likely to be revived in the near future.

A LETTER to the *Times* from Miss Octavia Hill (February 15th, 1905) applies some of the objections to indirect taxation to the case of the "compound householder." She argues that he does not at present realise how large a proportion of his rent is really rates, and that he should therefore be compelled to pay his rates direct. By this means she hopes to increase the number of voters, who, if they support any municipal extravagance, will do so "with their eyes open to what it costs them." The suggestion has already been adopted by several large owners of house property, notably by the Peabody trustees.

A PRIZE of £250 is offered by the International Association for Labour Legislation for the best treatise on the prevention of lead poisoning in mining and milling lead ore; also a prize of £500 for the best treatise on the prevention of lead poisoning in smelting and refining works. The conditions on which these and other prizes are offered are stated on the first page of the *Times* for February 21st, 1905; or may be had by application to the office of the Association in Basle (Switzerland).

WE have before us a proclamation by his Majesty Victor Emmanuel III., King of Italy, proposing the creation of an international Chamber of Agriculture, an institution, absolutely unpolitical in its aims, which, having before it the conditions of agriculture in the different countries of the world, would notify periodically the quantity and quality of the crops in hand, and in other ways benefit agriculture. Rome is offered as a suitable centre where the representatives of various states and national associations might meet. It remains to be considered what agricultural interests are common to the British Empire and other nations; and what measures can be concerted by the proposed international chamber more efficiently than by existing organisations.

PROFESSOR ANDRÉADES, of the University of Athens, has accepted the office of Correspondent in Greece to the Royal Economic Society. Professor Andréades is the author of a history (in French) of the Bank of England, which was favourably reviewed in the *ECONOMIC JOURNAL* (XIV., 449). Two other publications by him are mentioned among our New Books on a later page.

MR. H. O. MEREDITH, whose book on Protection in France is reviewed in the present number of the *ECONOMIC JOURNAL*, has been appointed lecturer on *Economic History and Commerce* at the Victoria University of Manchester. He succeeds Mr. W. G. S. Adams, who has become head of the Department of Statistical and Technical Instruction in Ireland.

THE General Meeting of the German Economic Association, *Verein für Socialpolitik*, will be held in the second half of September next in Mannheim (Baden). The subjects to be treated there are first the inland navigation of Germany and the financial questions bearing upon it. Second, the Syndicates of the coal mining industry. Third, the working men's position in the industrial undertakings on the largest scale. Foreign economists will be welcome guests at the meeting. The series of volumes published by the association has now reached No. 113. A new set will shortly be published bearing on Local Corporations (constitution, government, organisation, sphere of action, municipal socialism, &c.). Other volumes will follow on Inland Navigation and on Emigration.

THE following additions to the membership of the Royal Economic Society have been made since the issue of the List of Fellows :—

(Nov. 9, 1904)—Addis (S. S.), Anderson (P. J.), Begg (R. H.), Findlay (C. S.), George (E. W.), Gibson (James), Hare (L.), Kirkaldy (A. W.), Lal (Manohar), Rangaswami-Iyengar (K. V.), Scott (T. F.), Seager (H. R.), Sheridan (J. Clerc), Smith (H. B. Lees), Thomasson (F.), Worth (J. T.).

(Feb. 1, 1905)—Adams (W. G. S.), Carver (Prof. T. N.), Fox (A. Wilson, C.B.), Govind Chimonaji Bhate (Prof.), Griffiths (John), Jackson (F. Huth), Jevons (H. Stanley), Library of

Helsingfors University; Library of Parliament, Victoria, Melbourne; London School of Economics, Lotz (Prof. W.), MacKay (John), Rist (Prof. Charles), Wallis (B. C.), Watkins (J. Milton).

THE annual general meeting of the Royal Economic Society will be held at the Westminster Palace Hotel, London, S.W., on Friday, the 24th inst. The Right Hon. R. B. Haldane, K.C., M.P., will preside at the dinner preceding the general meeting.

RECENT PERIODICALS AND NEW BOOKS

The Economic Review.

January, 1905. .

The Incipient Bankruptcy in South Africa. W. F. FORD. *Twenty Years of Co-partnership.* ANEURIN WILLIAMS. Referring to the *Economic Review* for July, 1894. Great progress has been made in the twenty years during which the Labour Co-partnership Association has worked for the principle by which workers have a share in the business in which they are employed. *Mr. Chamberlain's Proposals Deductively Considered.* THOMAS MIDDLEMORE. *The Writings of Walther Lotz.* Miss B. L. HUTCHINS. A sympathetic summary of the eminent German Professor's views on commercial policy. *Labour Colonies.* Rev. J. C. PRINGLE. Full of fact and suggestion. *The Milk Trade from Within.* C. HASSARD. But for dishonest employees, corrupt inspectors, percentages to servants, &c., the dairyman's lot would be a happy one.

Journal of the Statistical Society.

December, 1904.

The Presidential Address, by Sir FRANCIS SHARP POWELL, deals with the statistics of education.

The Accounts of the Colleges of Oxford, 1893—1903; with special reference to their Agricultural Revenues. L. L. PRICE. A sequel to the paper contributed by Mr. Price in 1895; showing the continuance at a slackened rate of the fall in the agricultural rental of the Colleges and the University. This fall is more than compensated for the colleges as a whole—though not for each—by the rise in the rental of houses. Particulars are added as to expenditure.

Contemporary Review.

January, 1905.

Local Extravagance and Imperial Burdens. Sir ROBERT GIFFEN. In view of some disquieting symptoms, such as the increased expenditure by urban authorities on drainage, gas, tramways, &c., the writer recommends shifting burdens back from direct to indirect taxes, abandoning the collection of revenue by imperial authorities on behalf of local ones, and a special representation of landlords.

The German Agrarian Movement. W. H. DAWSON. The Agrarian league is characterised by unscrupulous agitation directed to selfish ends.

February.

The Success of the Sugar Convention. THOMAS LOUGH, M.P.

In spite of the resolution of Nov. 24, 1902, "the almost incredible alternative" of closing the ports of the United Kingdom at the bidding of a Foreign Commission was adopted. The result has been a rise in the prices of different kinds of sugar over the prices of July, 1902, by from 30 to 40 per cent. in 1903, and in the last quarter by more than 100 per cent. The cause of cheap sugar here was not the Continental bounties, but competition, now suppressed. Nor is the cause of the present dearness the deficiency of the beet crop, counterbalanced as it is by an excessive crop of cane sugar.

Fortnightly Review.

December, 1904.

Adam Smith and some Problems of To-day. J. A. R. MARRIOTT.

Frontal attacks on the main position of Free Trade are hopeless. If Protectionists were wise they would only try to turn the position through the exceptions which Adam Smith admitted.

National Review.

January, 1905.

Ireland and the Fiscal Question. ARTHUR W. SAMUELS. *The Colonial Offer.* L. J. MAXSE. Three out of the four great groups of Self-Governing Colonies have given no preference.

The Independent Review.

December, 1904.

Labour and Drink. JOHN BURNS. A powerful protest.

Besides other evils, the liquor trade per million of capital invested gives employment to fewer men than any other trade.

January, 1905.

Finance and the Drink Trade. THOS. SHAW. The High Licence system appeals both to financial and temperance reformers. *The Problem of the Unemployed.* C F. MASTERMAN.

February.

Five per Cent. all round. L. HOBHOUSE. Mr. Booth's scheme would place a heavy burden on manufacturers. *Millionaire Endowments.* J. A. HOBSON.

Monthly Review.

January, 1905.

An Empire in the Making. SIR VINCENT CAILLARD.

The *Sugar Users' Journal* (Monthly, price 3*7*.) has been started in opposition to the policy of the Brussels Convention. A table of prices for the last twenty years, a diagram suggesting a rise of price in consequence of the Convention, a notice of Mr. Perris's Cobden Club tract, dicta of politicians, and other relevant matter are among the contents of the first two numbers.

Both the *Quarterly* and the *Edinburgh Reviews* for January contain articles unfavourable to Mr. Chamberlain's tariff proposals.

The Quarterly Journal of Economics (Boston).

November, 1904.

Labour Conditions in Meat-packing and the Recent Strike. J. R. COMMONS. *English Customary Tenure in the Tudor Period.* A. SAVINE. *The Fundamental Notion of Capital once more.* C. A. TUTTLE. *Industrial Pooling Agreements.* W. R. BELCHER.

Political Science Quarterly (New York).

December, 1904.

The Courts on Restrictive Labour Laws. H. R. SEAGER. *A Gold Standard for the Straits.* E. W. KEMMERER.

Journal of Political Economy (Chicago).

Conditions in the Cattle Industry. WILLIAM HILL. The combination of "packers" threatens the interests of farmers. *Foreign Markets.* CARL C. PLEHN. A review of recent theories and facts. *Capital as a Competitive Concept.* H. T. DAVENPORT. *The Present Financial and Monetary Condition of Japan.* F. SCHROEDER. War and the attendant taxation and "monopoly-mongering" adversely affect Japan's industrial interests. "Occupations" in the Twelfth Census. JOHN CUMMINGS.

Journal des Économistes (Paris).

November, 1904.

Le Régime futur du gaz à Paris. E. LETOURNEUR. *Les Français du Canada à l'Exposition de Saint-Louis.* LABORER.

December.

L'évolution du Salariat. G. DE MOLINARI. *Valeur économique et morale des caisses d'épargne scolaires en Europe et en Amérique.* A. DE MALARCE.

January, 1905.

1904. G. DE MOLINARI. *Le Marché Financier en 1904.* A. RAFFALOVICH. *Le Mouvement Colonial.* D. BELLET.

February.

Les États-Unis et la Protection. YVES GUYOT. The Americans are too modest in attributing to protection a prosperity due to their own

energy and resources. *La Création du Grand Livre de la Dette publique.* CH. GOMEL.

Revue d'Économie Politique (Paris).

December, 1904.

Le Part d'Allemagne dans le Traffic du Port d'Anvers. E. R. *La Question Sociale et l'héritage.* C. R. HERCKENRATH.

January, 1905.

Du contrôle de la durée légale du travail. P. PIC. Apropos of the legislation proposed in France and the Franco-Italian labour-treaty of 1904 of which the text is given. *Le régime des Sociétés anonymes et son évolution.* DR. FRANZ KLEIN. On the history and law of companies.

In the *Revue Économique Internationale* for January, 1905, we notice articles on the Government of the Congo, by Prof. Baron Stengel, on the Agrarian Problem of Hungary, by Count J. Mailath, on the Exchange between Gold and Silver using Countries, by C. A. Conant; in the February number a description of the Monetary Reform in Mexico, by A. de Foville, and a balance of the gain and loss attending the Abolition of the Octrois in Lyon, by Prof. A. Liesse.

Jahrbücher für Nationalökonomie (Jena).

November, 1904.

Der Streit um den Charakter der altgermanischen Socialverfassung. MAX WEBER. *Zur geschichte der Agrarkresen.* H. LEVY.

December.

Das Statistische Amt für das Grossherzogtum Oldenburg. P. KOLLMANN.

January, 1905.

Die Mittelstandsbewegung. W. STREDA. *Die Werbliche Heimarbeit.* GERTRUD DYHRENFURTH. Protection for, not as by many against, home work is demanded.

Finanz-Archiv. 22nd year. 1st volume.

Das Vorbild der österreichischen Besitzveränderungsgebühr. S. KOCZYNSKI. Defends the view previously propounded that the Austrian dues on the transfer of property have their origin in the *landemia*, i.e., payments to the lord on transfer of an unfree holding. *Die Entwicklung vom Einkommensteuer und Einkommen in England.* E. HUNCKE. Traces the growth of the Income-Tax and income in the last 20 years, with conclusions unfavourable to the socialistic contention that the distribution of wealth is becoming more unequal. *Die Münzreform in Mexico.* B. SIMMERSBACK. Gives important statistics as to the production of the precious metals. *Geschichte der Besteuerung des Salzes in Deutschland bis zum Jahre 1867.* [A. OFFENBÄCHER. The first part of an elaborate historical study on the Salt Tax.

Thünen-Archiv. Organ für exakte Wirtschaftsforschung. Herausgegeben von Dr. RICHARD EHRENBERG, Professor der Staatswissenschaften an der Universität Rostock. Erster Jahrgang. Erster Heft. Jena : G. FISCHER, 1905. The scientific investigation, of which the new journal is the organ, will follow the method of Von Thunen, the first and only economist who has collected and scientifically treated the experiences of business ; himself a successful practical farmer (*landwirt*).

De Economist (La Hague) has an article (in German) by Prof. WALTHER LOTZ on *Protectionism and Political Morality*. The pursuit of objects other than revenue (*nebenzwecke*) has endangered liberty and political purity.

Giornale degli Economisti (Roma).

November, 1904.

Della Natura Logica dei Problemi Terminali. E. SELLA. A study on the Formal Logic of Political Economy. *Sull' Istituzione di un Ispettorato del Lavoro.* C. DRAGONI. *Sulle zone Franche doganali.* V. GIUFFRIDA. *La Situazione Finanziaria del Comune di Roma.* L. NINA. *La Popolazione dello Stato Romano nel Secolo XVIII.* F. CORRIDORE.

December.

Osservazioni Pratiche sul Maternale Statistico. A. BERTOLINI. *Capitali sottratti all' Italia dall' emigrazione per l'estero.* A. BENEDEUCE. Account being taken of the economic value of human life, the emigration from Italy is a net gain. *La Storia del Panificio Municipale di Catania.* P. CICERO. The experiment of a municipal bakery is well described (to be continued). *La Ferrovia Gratuita.* T. MOLINARI. Why should not locomotion, like light and water, be supplied gratuitously? *La Popolazione dello Stato Romano nel Secolo XIX.* F. CORRIDORE.

January, 1905.

La misurabilita del piacere e del dolore. U. RICCI. A Study in Hedonics. *I Succhioni della Marina Mercantile.* E. GIRETTI. The true remedy for the depression of the Mercantile Marine is not subsidies but Free Trade. Protection makes Italy the paradise of parasites. *Il Panificio Municipale di Catania.* P. CICERO. An examination of the municipal papers with reference to Consumers and Producers. *L'espansione del Giappone.* M. FARINO.

The relations between Trusts and Protection are continued by CESARE HARNACH in *La Riforma Sociale* for December, 1904. In the January number, beside many articles bearing on Italian interests, is a *resumé* of the latest results of the nationalisation of railways in Switzerland.

Le Mouvement Économique is the title of a new monthly by Dr. NICOLAS XÉNOPOL at Bucharest. The review will deal with the economic condition of Roumania and the states forming the Balkan peninsula, comprising a population of 25 millions.

NEW BOOKS

ACWORTH (W. M.). *The Elements of Railway Economics*. Oxford: The Clarendon Press. Pp. 159.

BRYCE (JAMES). Editor—*Sociological papers* by F. Galton, E. Westermarck and others. . . (Published by the Sociological Society.) London: Macmillan & Co. 1905. Pp. 292.

[Besides *Eugenics* and other themes above the economist may be noticed *Life in an Agricultural Village*, by H. H. Mann, a study of poverty on Mr. Rowntree's lines; showing that the standard of life is lower than in the cities. The percentage of the total population in poverty, "primary" or "secondary," is 41.4.]

CUNNINGHAM (Rev. W.). *The Growth of English Industry and Commerce during the Early and Middle Ages*. 4th Edition. Cambridge: University Press. 1905. Pp. 724.

HENDERSON (C. R.). *Modern Methods of Charity*. New York: Macmillan Co. London: Macmillan & Co. 1904. Pp. 715.

PRICE (L. L.). *The Recent History of Industrial Peace* (an address delivered to the Scottish Society of Economists). Edinburgh: Blackwood. Pp. 24.

[The author of *Industrial Peace*, which was published in 1887, having watched the subsequent movements towards the pacific settlement of industrial quarrels, concludes that gratifying progress has been made.]

ROBERTSON (W. B.). *Political Economy: Expositions of its fundamental doctrines*, selected from the best writers. With an introduction by W. B. R. (The Scott Library.) Walter Scott Publishing Co. 1905. Pp. xxxix. 261. 1s. 6d.

SIDGWICK (HENRY). *Miscellaneous Essays and Addresses*. London: Macmillan & Co. 1904. Pp. 374. 10s.

A collection of reprinted essays dealing with literature, education, and economics; the last class including *The Scope and Method of Economic Science*, addressed to Section F of the British Association, 1885; *Economic Socialism* from the *Contemporary Review*, Nov., 1886; and *The Economic Lessons of Socialism* from the *ECONOMIC JOURNAL*, 1895.]

SMART (Prof. W.). *The Single Tax*. Glasgow: Maclehose. London: Simpkin. 1905. Pp. 24.

[An excerpt almost verbatim from the author's "Taxation of Land Values and the Simple Tax" (reviewed in the *ECONOMIC JOURNAL*).]

VINOGRADOFF (Prof. P.). *The Growth of the Manor*. London: Swan Sonnenschein. 1905. Pp. 384.

American Economic Association. *Papers and Proceedings of the Sixteenth Annual Meeting*. New York: Macmillan Co. London: Swan Sonnenschein.

[In addition to Mr. J. Pease Norton's theory of Loan Credit reviewed in the last number of the *ECONOMIC JOURNAL* the volume contains papers on the management of the Surplus Reserve, by E. S. Meade; on *State Taxation of Interstate Commerce*, by F. J. Goodnow; on *Trusts*, by H. C. Adams; and a *Theory of Social Causation*, by F. H. Giddings.]

DUNBAR (C. F.). *Economic Essays*. Edited by O. M. W. Sprague, with an introduction by F. W. Taussig. New York: Macmillan Co. 1904.

GHEENT (W. J.). *Mass and Class: a Survey of Social Divisions*. New York: Macmillan Co. 1904. Pp. 255.

HUNTER (ROBERT). *Poverty*. New York: Macmillan Co. 1904. Pp. 381.

STEINER (BERNARD C.). *Descriptions of Maryland*. (Johns Hopkins University Studies.) Baltimore: Johns Hopkins Press. 1904. Pp. 94.

[254 authorities are enumerated and characterised.]

STRANGELAND (CHARLES E.). *Pre-Malthusian doctrine of populations: a study in the history of economic theory*. New York: Columbia University Press. London: P. S. King. 1904. Pp. 356.

THORNDIKE (PROF. E. L.). *An Introduction to the Theory of Mental and Social Measurements*. New York: Science Press. 1904. Pp. 212.

[A valuable contribution to the art of measurement as exercised not only in psychology, but also in economics, anthropometry and other human sciences. The nature and use of the *law of error* are well explained. The educational and practical value of the treatise is enhanced by numerous questions ("problems") of which the answers are given in an appendix; and by a multiplication-table up to 100×100 , a table of squares and square roots of the numbers from 1 to 1,000.]

QUAINTANCE (H. W.). *The Influence of Farm Machinery on Production and Labour*. (American Economic Association.) New York: Macmillan Co. 1904. Pp. 106. 75 cents.

[The British reader will find here much that is instructive as to the growth of agricultural machinery in the United States, its productiveness and its tendency to displace labour. *E.g.*, in New England the population above 9 years old engaged in agriculture numbered in 1880 more than 304,500, in 1900 not quite 288,000; yet the value of agricultural products was more than 50 per cent. greater in 1900 than 1880.]

ANDRÉADES (A.). *L'impôt direct en Grèce et son évolution*. Paris: Giard. 1904. Pp. 30.

[The small number of direct taxes in Greece and their complexity are brought out.]

BODERELLES (CH.). *Principes d'Économie Politique*. Paris: Giard. 1905. Pp. 261.

CARLIOZ (J.). *Les Comptoirs de Vente en Commun*. Paris: Guillaumin et Cie. 1905. Pp. 241.

[The author has been concerned with the management of these institutions and reports favourably upon their working and effects.]

CRICK (DANIEL). *Le Procès du Libre Échange en Angleterre*. (Travaux de l'Institut de Sociologie.) Brussels: Mirsch et Thron. 1904. Pp. 79.

[Master of the facts and reasoning pertinent to the question, the author fulfils his purpose of enabling the foreign reader to form an intelligent judgment on the issue.]

COLLIEZ (ANDRÉ). *Les Associations Agricoles du Production et de Vente*. Paris: Guillaumin et Cie. 1905. Pp. 114.

[Recommends their development in France and examines their legal standing.]

LEENER (G. DE), WODON (L.), WAXWEILER (E.). *Le Charbon dans le Nord de la Belgique*. (Solway Institut de Sociologie.) Brussels 1904. Pp. 217.

[The technical, the legal, and the economical aspects of the question are separately treated by the respective writers.]

LIESSE (ANDRÉ). *La Statistique: ses Difficultés, ses Procédés, et ses Résultats*. Paris: Guillaumin et Cie. and Félix Alcan. 1905. Pp. viii. and 182.

[A clever little book on the necessity for the statistician never to lose sight of real facts—"a critical mind must be his compass; facts, his polar star."]

SCHMOLLER (G.). *Principes d'Économie Politique*. Tome I. Traduit par G. Platon. Paris: Giard. 1905. Pp. 572.

COHN (Prof. GUSTAV). *Zur Politik der Deutschen Finanz—Verkehrs- und Verwaltungswesens*. Stuttgart: Enke. 1900. Pp. 482.

[A sequel to the author's work on *Verkehrswesen* of 1900; dealing with German Finance and Transportation together with some aspects of political science, in particular the scientific education of the higher officials.]

JAFFE (EDGAR). *Das Englische Bankwesen* (Forschungen, Schmoller). Leipsic: Duncker & Humblot. 1905. Pp. 245.

MITCHELL (JOHN). *Organisierte Arbeit*. Uebersetzen von Dr. Hermann. Leipzig-Dresden: Böhmert. 1905.

[A translation of the authoritative pronouncement on labour policy made by the leader of the Anthracite Coal Strike.]

ONCKEN (HERMANN). *Lassalle*. Stuttgart: Fromann. 1904. Pp. vii. 450.

[A good biography of Lassalle has long been wanting. The new book fills up the gap. It is very well written and might deserve even a translation into foreign languages. The author has used the best sources and the whole of the material of his hero's life and writings, dealing not with the economic side only but the philosophic as well as the practical sides of that most extraordinary personage.]

*RUST (Dr. BERNHARD). *Über das Wesen und die Ursachen unserer heutigen Wirtschaftskiri*. Jena: G. Fischer.

SCHWIEDLAND (D. E.). *Die Psychologischen Grundlagen der Wirtschaft*. A Reprint from the *Zeitschrift für Sozialwissenschaft*. 1905.

SIMON (HELENE). *Robert Owen. Sein Leben und ihre Bedeutung für die Gegenwart*. Jena.

[An enthusiastic description of the life, work, and doctrine of the great English socialist and philanthropist, written by a lady who has published a good deal on labour protection laws and similar subjects.]

CASSOLA (CARLO). *I Sindacati industriali*. Bari: Latena. 1905.

JANNAcone (PASQUALE). *Paolo Leroy-Beaulieu, Alfredo Marshall, Gustavo Schmoller, e i loro trattati di economia politica*. Prefazione al

Volumi ix. e x. della. "Biblioteca dell' Economista." Quarta Serie. Turin: Unione Tipografia. Ed. 1905. Pp. 86.

[The fourth series of the Biblioteca is introduced by a spirited study on the works and method of three leading contemporary economists.]

RIGNANO (E.). La Sociologia nel Corso di Filosofia Positiva d'Augusto Comte. Milan: Remo Sandron. Pp. 122.

ANDRÉADÈS (A.). *ιστορία τῶν ἐθνικῶν Δανείων. μέρος Α'.* Athens: "ἑστία" 1904. Pp. 138.

[The history of the Greek debt falls into three periods, of which the first, the subject of this first part, extends to the beginning of King George's reign, comprising the financial history of the war of independence and the Bavarian dynasty.]

THE ECONOMIC JOURNAL

JUNE, 1905

BRITISH CANALS.

IN the course of the last twelve months Chambers of Commerce all over the country have been passing a series of resolutions in favour of what may be called a forward policy of canal development. A single resolution, which was passed at a meeting of the Associated Chambers in Manchester last September by the vote of 61 Chambers against 40, may serve as a sample of the whole. It runs as follows :—

“That in the opinion of this Association the time has arrived when the British Government should take over the whole of the canals of the country and work them in the public interest ; or, in the alternative, that the canals should be transferred to a national public trust, with a Government guarantee, supervision and control.”

In the March number of the *ECONOMIC JOURNAL* Mr. A. Dudley Evans has shown that with reference to the alleged “favouring the foreigner” by British railways—which also has frequently been the subject of Chamber of Commerce resolutions—the Chambers have been too ready to assume their premisses. It is at least possible that they may have made the same mistake in reference to canal nationalisation and development. One would have expected that proposals for a great scheme for the expenditure of public money wholesale—the French Government was said by a Liverpool delegate at Manchester to have spent £100,000,000 on canals in the

last 25 years (the real figures being £60,000,000 in the last 75 years)—would be justified by a full and reasoned statement of the case in support. We naturally want to know what is the precise field of economic usefulness for canals when improved up to the maximum practical limit; what traffic they can carry, and in what quantity over a given mile of improved canal, what the average cost of carriage would be per ton-mile (1) for haulage and boat hire; (2) for canal maintenance; (3) for interest on construction and reconstruction capital. On all these points there is a mass of recent information available in France and Germany. But none of it has been made available here; instead, we are met with mere vague generalities. Liverpool resolves that "immense benefit to the whole community is bound to follow from the modernisation and extension of our inland navigation." Sir John Brunner, M.P., asserts that "a canal system [such as the French] would benefit every class, from land-owners to navvies, and would injure none, not even railway shareholders." But of proof of these assertions not one word is vouchsafed. We are assured that while in France and Germany canals are alive and flourishing, in England they are moribund, only because they have been "strangled by the railway companies." Instances of the strangulation process are never forthcoming. The fact that French and German canals are only kept alive by a continuous process of artificial respiration is never alluded to.

One would have thought that a fundamental question was: What is the cost of carriage—either actual haulage cost or total cost—of one ton for one mile (a) on a modern railway; (b) on a first-class barge canal. For if (b) is higher than (a) it would surely be the true economic policy to improve railway conditions rather than start out to reconstruct our canals. The figures for this calculation are easily accessible, yet, so far, none of the canal advocates have thought fit to make it. In its absence they merely assure us that water carriage of bulky goods—it apparently makes no difference whether it be by the *Cymric* in the open Atlantic or by a 300-ton barge in a 30-foot waterway—is always cheaper than land carriage. Perhaps Professor Lardner may have said so, but railways have developed somewhat in the last fifty-five years.

But it is useless to complain of what we have not got. It will be more profitable to examine the question for oneself. I submit as a broad proposition, and ignoring exceptional cases that must always exist, that the evidence shows that there is no traffic which can be carried on a barge canal as economically as

on a railway. Therefore, to spend money on canals implies an economic waste. As a commercial undertaking a canal cannot compete with a railway. If, "in view of the urgent necessity of cheapening the cost of the internal transit of goods," the State thinks fit to interfere, its money will be better spent—apart, of course, from all difficulties of administrative or political organisation—in subsidising railways than in building canals.

Before dealing with this main issue let us notice a minor point : the "strangulation" theory. No specific instances are given, so they cannot be investigated. But in any case the circumstances of which are known to me, where canals have passed into the possession of railway companies, it was not the railway companies who sought to buy but the canal company which insisted on being bought. "In the early days of railways"—the quotation is from a speech of Lord Brassey's—"it was the view of Parliament that it was necessary for the protection of the interests of those who had invested their money in the canals to put pressure upon railways to purchase those canals." Indeed, why railway companies in the heyday of their triumph, in the 'forties and early 'fifties—the date, I believe, of most of their canal acquisitions—should wish to buy canals it is difficult to imagine. As well could one fancy the White Star Company voluntarily investing in wooden sailing vessels, or an electric tramway company purchasing a shed of cast omnibus horses. Certainly, for over thirty years the railway companies have had no chance of strangling canals, however much they might want to do so. By the stringent requirements of the Traffic Acts of 1873 and 1888 they are restrained from all new control and interference, direct or indirect; they are compelled to keep their canals in navigable condition at the expense of their railway revenue, and their statutory tolls may be cut down to any point that the Railway Commissioners choose. Under these Acts and the revised Schedule of 1893, the tolls on the canals connecting the Thames and Severn, which belong to the Great Western Railway, have been reduced to a point which does not cover actual working expenses. Yet the canals lie empty and the railway alongside has required millions to be spent on it in widenings in the last twenty years to enable it to cope with its traffic. But what interest has the Great Western in diverting traffic from the Kennet and Avon Canal? It owns both railway and canal. It may as well make its profit on the one as on the other. If canal carriage is naturally cheaper there must surely be a larger margin for profit to the railway company in carrying by the canal. The Great Western.

has only strangled the canal in the same sense in which it strangled the Tally-ho, the Highflier, and the stage-waggon, because of its superior economic efficiency.

But we are told that canal traffic in France and Germany has increased in recent years even faster than railway traffic. The statement is partly true; but wholly irrelevant, if used to show the inherent superiority of canals. For, in the first place, the increase in France and Germany is mainly not on canals proper, but on the great natural waterways, the Elbe, the Oder and Spree, the Rhine and Main, and the Seine and Marne. Cologne and Frankfort, Berlin and Paris have been made at vast expense into ports capable of receiving vessels of 1,000 tons. To do the same thing for Oxford or Birmingham, Sheffield or Nottingham is from a financial, if not an engineering, point of view, out of the question.

Even so far as the increase has taken place on canals proper, it has only been brought about under purely artificial conditions. Speaking broadly, and with exceptions negligible both in number and amount the traffic on French and German canals pays no toll. The trader pays only actual cost of carriage. The Government has found scores of millions of capital, on which it receives no interest; it spends millions annually on canal maintenance out of general taxation. No wonder canal traffic increases. If railway rates had to cover nothing but actual cost of carriage they could be reduced to about one-fourth of their existing amount. The wonder is not that canal traffic has increased, but that the railways, which have to cover in their charges haulage, maintenance and interest on capital,¹ are not wiped out by the competition. In fact, they pretty well hold their own—especially in France in the carriage of coal—and the canal traders constantly declare that the imposition of even a minimum toll would kill their industry. But, if this be so, what of the alleged economic superiority of canals in the carriage of heavy goods? One point more. Railway rates in France and Germany are controlled by the Governments. Railway men in both countries assert that they could take back the traffic, not only from the canals but from the great rivers, if they were free to put in force competitive tariffs. But this they are not permitted to do. The Western Railway of France, for instance, would gladly make exceptionally low rates between Havre and Rouen and Paris. But the Government refuses permission unless the same rates are applied all over the system. To do this would send the railway company into bank-

¹ And in Prussia further pay over to the State a surplus of ten to fifteen millions a year in relief of general taxation.

ruptcy; so the railway rates are kept up and the traffic goes by water, and not rough goods only, but cotton goods from Manchester, grain from America, and wine from Spain. A strange commentary on the oft-made assertion that "water carriage does not compete with but supplements railway carriage."

Now there is no reason to discuss here the wisdom of the French and German policy. In large measure it is an inevitable result of their past history. But it is worth while to point out that any such policy would be impossible here. On the Continent it may be unwise, but it is not unjust, for the German Government, owning their railways, compete only with themselves. The French Government guarantees handsome dividends to the French railways. But for the English Government to engage in internecine competition with the independent railway companies is out of the question. Even if it did, the railway companies, free to reduce their rates, would, sooner than lose the traffic, cut their competitive rates to a point where the canals could not follow them; the traffic would still go by rail, and the taxpayer would be paying the interest, while the new canals would be as empty and useless as the old canals are to-day.

There is, however, one country whose experience should be of value to us. In the United States economic forces have had free play, with the result that, speaking broadly, canals are not only dead but buried, and no one is left to lament their death. One of the last, the Delaware and Hudson, was converted into a railway only a year or two ago. Even the great Mississippi, on the improvement of which the United States has spent many millions, is dead as a competitor for traffic. Its famous steamers lie rusting at the New Orleans wharves; the coal traffic from Pittsburg—a fleet carrying 20,000 to 30,000 tons, guided by a single tug—is a thing of the past. There is one exception. The Erie Canal, the property of New York State, which connects the Great Lakes with the navigable Hudson, was a great factor in opening up the West and in establishing the commercial supremacy of New York City. Its traffic has decayed till it has become a negligible factor in the total trade, and simultaneously the supremacy of New York is threatened by the growth of Baltimore, Newport, and the Gulf ports. New York citizens, being persuaded that their city and state were losing traffic because the railways had strangled the canal, have recently voted by a *referendum* to spend £20,000,000 on bringing it up to date. But so satisfied were the railway managers that they could profitably carry traffic at rates which the canal could not touch, that not only did they refrain

from opposing the passage of the Bill, but they did not care even to undertake what is called "a campaign of education."

Such is, in outline, the history of the canal question in other countries. It remains to note very briefly the *a priori* reasons why the alleged economic superiority of canals does not in fact exist. In the first place, a first-class barge canal is not cheaper to construct than a first-class railway. Mile for mile it may be somewhat cheaper, but a railway goes straight from point to point, the windings of a canal add on an average some 30 per cent. to its effective length. And the one advantage counterbalances the other. A canal boat costs perhaps one-tenth of a railway train, but the train does ten times as much work in a year, so once again the two are even. A railway earns money all the year round; canals are stopped by want of water in summer, frost in winter, and lock and bank repairs at frequent intervals. Maintenance charges are no doubt lower. But on a canal capital and maintenance charges alike have to be borne by the goods traffic unaided. A railway spreads them over its passenger, mail and parcel traffic as well. On the whole, under these heads a canal shows no saving over a railway. Further, a new railway means new facilities for traffic of all kinds, a new canal for slow merchandise traffic only, a portion that every year becomes of less importance in relation to the whole.

If we come to actual conveyance cost the canal shows up even worse in the comparison. Fifteen pence is an ample allowance for the out-of-pocket cost of running a train a mile, so that if the train returns empty the working cost of a train with 300 tons net load is 2s. 6d. per mile, or 1d. per ton-mile. French figures show that a fair average of the rates charged for haulage, barge hire and bargemen's wages on inland navigations, in barges also with 300 tons capacity, is not less than 1.25 to 1.50 centimes per ton-kilometre, or, say, 2d. to 24d. per ton-mile, fully double the railway figure. And the railway gives a rapid and certain service, the canal a slow and uncertain one. Nor is there any suggestion that the canal carriers make on the average more than a very moderate profit.

It will no doubt be objected that English railway rates, even for the lowest class of traffic under most favourable conditions, are not 1d. per ton-mile, but four or five times as high. And this is no doubt true. But the railway rates include normally station accommodation and services, which canals do not as a rule include in their rates or expect to furnish. On the whole, on a normal English railway, conveyance cost is only about two-fifths

of total working cost, only one-fourth of the total necessary expenditure if capital is to receive an average remuneration of 4 per cent. And this explains why a conveyance cost of 1d. per ton-mile corresponds to a total minimum charge of 4d. to 5d. On French canals it is calculated that the Government finds in interest and maintenance charges as much as the trader pays the boatman. This brings the total cost of French water carriage up to 4d. or 5d. per ton-mile for a service that is clearly less efficient and less valuable than railway service.

One point more. Railways can go everywhere; canals are practically confined to level country. And the level country is already the richest. If it ever becomes a question of practical politics whether public money shall be freely spent on canals, we may depend upon it that this point will not be lost sight of. Why, it will be asked from Cornwall and Cardigan to Cumberland and Caithness, should we be taxed in order artificially to enhance the advantages that Nottingham and Warwick and Staffordshire already have over us? And the answer will not be easy to find.

Such is a rough sketch of the case which can, I think, be made on economic grounds in reply to the advocates of a forward canal policy. On its face the case is not a weak one. At least it is not so weak as to be unworthy of answer. Hitherto no answer has been made to it. But before we are asked to spend public money freely an answer we are entitled to have. If the Chambers of Commerce are unable or unwilling to give it, it is highly desirable that, by Royal Commission or Departmental Committee, the Government should set to work to formulate it. Nothing would be worse than that legislation should be pushed forward before the matter has been investigated. If then the claim were made that inquiry should precede action we should infallibly be told that Commissions and Committees were only a pretext for delay invented by those who sought to burke the question. Railway companies and Chambers of Commerce would, in the present writer's judgment, both be wise if they united to ask for an inquiry into the question forthwith.¹

W. M. ACWORTH

¹ For much of the material on which this paper is based I am indebted to Colson's *Transports et Tarifs*, Paris, 1898, and to Ulrich's *Staffeltarife und Wasserstrassen*, Berlin, 1894, and *Staatseisenbahnen, Staatswasserstrassen und die deutsche Wirthschaftspolitik*, Berlin, 1898. M. Colson is a distinguished French public servant, and a summary of his statements of the case is given in a recent Consular Report by Mr. O'Beirne, H.M. Consul at Dunkirk.

THE ECONOMIC EFFECTS OF CATTLE DISEASE LEGISLATION.

As the necessity is universally admitted of placing drastic restrictions on the liberty of the subject where the public health is concerned, so also the desirability has long been recognised of regulating, in the interests of the community, the traffic in live animals, with the view of preventing or checking the spread of disease. Acts have at various periods been passed prohibiting or regulating the importation of animals and restricting the freedom of owners of live stock in carrying on their business. All such enactments, whether affecting imported or home-bred animals, obviously involve economic friction, and are, therefore, only to be justified on the broad ground that the healthiness of our food animals is an object so important that the interests of individuals must, if necessary, be set aside for the purpose of attaining it.

In the space here available it would be impossible to deal in any adequate measure with the subject which stands at the head of this article. We may set aside that branch of cattle disease legislation—the most intricate and involving much the greatest interference with trade—which deals only with home stock. There is no special grievance in this connection. No one but the immediate sufferer is disturbed when a farmer is prevented from selling his stock because his own or his neighbour's animals have developed a contagious disease. He is only a humble sufferer for the general good, and no one thinks him an object of pity, nor does any one consider that this forcible interference with freedom of trade violates any sound economic principle. But that more limited branch of cattle disease legislation which restricts or regulates the trade in foreign animals has at all times been a subject of debate, and it is, therefore, with that side of the question that I propose briefly to deal.

Although laws affecting the importation of animals may be

found on the Statute Book at much earlier dates, it is from the year 1866 that the present legislation practically dates. The terrible ravages of cattle plague in the years 1865-7 were sufficient to convince the most determined devotee of *laissez-faire* that some action by the State was imperative. The measures adopted were, of course—being British—half-hearted and tentative, and only the fact that administration was more vigorous than legislation enabled the inroads of disease to be in any degree checked. Time after time disease was reintroduced, and very slowly, step by step, the law was strengthened. Any one who looks back, without bias, on the history of the last forty years can hardly fail to conclude that if in 1865 the Legislature had possessed the courage and foresight to decree that all meat sent to this country should be slaughtered before shipment, the community would probably have benefited. Eventually, however, Parliament adopted, in the Diseases of Animals Act, 1896, the general principle that all animals allowed to be imported shall be slaughtered at the port of landing within ten days, this being, so to speak, “a most-favoured nation” clause. The Board of Agriculture, under the Diseases of Animals Act of 1894, have power, “whenever they deem it expedient to do so, for the purpose of preventing the introduction of disease into the United Kingdom,” to prohibit the landing of animals from any country, and they are bound so to prohibit “whenever they are not satisfied with respect to any such country or any specified part thereof, that, having regard to the sanitary condition of the animals therein or imported therefrom, to the laws made by such country for the regulation of the importation and exportation of animals and for the prevention of the introduction or spreading of disease, and to the administration of such laws, the circumstances are such as to afford reasonable security against the importation therefrom of animals affected with foot and mouth disease.”

The practical effect of these provisions at the present moment is that animals may be landed alive here only from the United States, Canada and Iceland. From all other foreign countries the landing of live animals is prohibited, either explicitly or by physical conditions.

The precise economic effect of these enactments cannot, of course, be stated. It is impossible to say what might have happened had none of them been passed, except that it is quite certain that the flocks and herds of this country would have been periodically decimated by disease. That there has been no abso-

lute check to the imports of meat appears from the following table, the single years taken being at decennial intervals, ending with the latest available.

	1854. No.	1864. No.	1874. No.	1884. No.	1894. No.	1904. No.
Cattle	114,388	231,733	193,662	425,507	475,440	549,532
Sheep	183,436	496,243	758,915	945,042	484,597	382,240
Pigs	11,077	85,363	115,389	26,487	8	—
	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.
Beef	192,274	346,821	261,721	1,090,739	2,637,471	5,068,544
Mutton	—	—	—	503,194	2,407,994	3,532,039
Pig-meat	584,387	1,297,405	2,864,669	3,755,956	5,224,790	7,550,651
Meat (unenumerated).	—	6,570	384,626	469,462	340,139	851,235

The enormous growth of the dead meat trade has, no doubt, been encouraged to some extent by the limitations placed on the live animals trade, but it is impossible to contend that British consumers, as a whole, have been thereby injured, while the substitution of the carcass for the living animal to cross the ocean must be considered as a gain, at any rate, on humanitarian grounds. No doubt the transit of cattle and sheep by sea is as well conducted as the nature of things will allow, but the existence of a large amount of suffering to the animals is obviously inevitable.

Practically, however, the operation of the present law is not seriously challenged except as regards Canada. The conditions applicable to Canada are precisely the same as those applicable to the United States. Our American cousins are, however, content, because they have no wish to send us anything but the finished article, *i.e.*, animals fattened for the butcher. Our Canadian brethren, or, at least, some of them, desire to send us not only the finished article, but also the raw material, *i.e.*, "stores," or, in other words, lean stock which may be fattened on the farms of this country. This desire is expressed by a certain number, believed to be limited, of Canadian farmers, and the desire to receive these stores is expressed by a certain number, known to be a small minority, of British farmers. The overwhelming majority of British farmers do not wish for any change, and it also appears that some of the leading exponents of agricultural opinion in Canada believe that the interests of the Dominion are best served by fattening their own cattle, instead of sending them here to be fattened.

It may be well, therefore, to consider briefly the contentions held on either side of what is known as the "Canadian store question."

To begin with, it may be noted that there is a certain amount of common ground between the two parties. Both sides would agree, firstly, that if contagious disease¹ among cattle were actually proved to exist at the present time in Canada, the present—or more stringent—restrictions should be maintained, and, secondly (this, indeed, being in the nature of a truism), that stable conditions of trade are desirable and that liability to frequent changes in the regulations and uncertainty as to the future are detrimental to the interests of shippers, farmers, and consumers.

As to the first of these points, it is admitted that there is no evidence of the existence of contagious disease (*i.e.*, pleuropneumonia or foot and mouth) among Canadian cattle at the present time, and that it is reasonably believed by the Canadian Government that no such disease exists. But, on the other hand, it is contended that our own long and painful experience shows that even in a small island like Great Britain, with the most elaborate machinery for the detection of disease, it has often happened that outbreaks have occurred of which the Central Government have for some time remained ignorant, and that even now, after nearly forty years of the utmost vigilance, it is possible for disease to be concealed for a considerable time. If this is true in Great Britain, with the sea to protect it, how much more must it be true of the immense area of Canada, with its thousands of miles of open frontier. Nor is the idea that disease may exist, or may suddenly break out, without the knowledge of the Government, a mere hypothesis. The vigilance and energy of the veterinary officers of the United States are beyond dispute, yet in November, 1902, at a time when the Government officials were confident, in all good faith, that no foot and mouth disease existed in the States, it was suddenly found to be raging in certain of the New England States, and before it could be stamped out 4,712 cattle, in 244 herds, were attacked.

As regards the stability of trade conditions, it is to be remarked that the present regulations as to Canadian stores have now been in force since 1892. On the face of it, therefore, it would appear that those who wish to alter conditions which have prevailed uninterruptedly for thirteen years should be called upon to show good cause for the proposed change. Clearly, the re-admission of stores would, of necessity, involve less stability of conditions than

¹ The term "contagious disease" is used in this connection in a somewhat arbitrary sense. Strictly speaking, there are undoubtedly certain contagious diseases existing among cattle in Canada, *e.g.* mange and anthrax.—*Vide* Report of the Minister of Agriculture for the Dominion of Canada for 1904.

their exclusion, and great disturbance of trade would be caused in the event of disease appearing amongst them.

In any change such as that proposed there would, of course, in the nature of things, be gains and losses to individuals. Some persons would gain, others would lose. There are, broadly, four classes of persons affected in this case, viz., (1) Canadian farmers, (2) British farmers, (3) shippers, dealers and middlemen generally, and (4) British meat consumers. What are the interests of Canadian farmers in the matter it would, perhaps, be impertinent for anyone on this side of the Atlantic to attempt to decide. One point, however, is clear: Canadian farmers as a whole have not sent us fewer cattle since the prohibition of stores. The average number of live cattle annually imported from Canada in the five years prior to 1892 was 88,097. In the five years immediately following 1892 the annual imports of live cattle averaged 97,865. In the succeeding quinquennium—i.e., in 1898-1902—the average was practically the same, 97,958, and in the two latest years they have risen to 190,815 in 1903, and 146,599 in 1904. The fluctuations have been considerable. During the years 1887-1891 the minimum was 61,144 in 1888, and the maximum 121,312 in 1890. Since 1892 the minimum has been 82,323 in 1894, and the maximum 190,815 in 1903. The imports of fresh beef from Canada are small, but they have also increased, the quantity averaging 9,450 cwt. in the three years 1890-2 and 15,303 cwt. in the three years 1901-3.

There is no evidence, therefore, of any loss to the trade of Canadian farmers with this country in consequence of the restrictions imposed in 1892, and it must be remembered that since that date the whole of the cattle represent the profits upon the finished article, and not merely the value of the raw material.

It is, however, alleged—and here is perhaps the most plausible of the arguments for change—that British farmers, or, rather, those farmers who fatten cattle, are injured by the loss of the raw material which Canadian stores furnished. Not only, it is argued, are these stores lost, but their absence tends to raise the price of stores generally. Obviously, as many more farmers are sellers of stores than buyers—the sellers including the vast majority of the smaller farmers on both sides of St. George's Channel—this is an argument which can be expected to have weight with only a section of the agricultural community. Evidence is conclusive that the vast majority of farmers do not desire any alteration in the present conditions and that the advocates of a change are a small, though extremely voluble, minority in some parts of Scot-

land and in the eastern counties of England. Let us see, however, what amount of force there is in this argument. It is sometimes assumed that the whole number of Canadian cattle imported prior to 1892 were stores. This, however, was not the case. From careful inquiries made at the time it was reckoned that about 60 per cent. of the total number were stores, which would make the average annual supply about 50,000. The average number of beef cattle annually slaughtered in this country—which, of course, represents the number of stores fattened—has been estimated¹ as 2,118,000, so that the Canadian contribution to the total was, in any case, comparatively small. But any loss in this direction has been much more than made good by an increase in the home supply. The number of cattle under two years in the United Kingdom averaged 4,307,567 in 1887-91 and 4,909,110 in 1900-4—an increase which may be largely attributed to the confidence engendered by the security which is felt by cattle-owners in the safeguards provided against the introduction of disease. Further direct evidence that British graziers have suffered no reduction in the supply of raw material is afforded by the fact that in the five years 1887-91 the average annual importation of stores from Ireland was 352,987, whereas in the five years 1900-4 the average was 471,253.

The price of store cattle in this country is very variable, and whenever it rises some graziers are apt to say that the absence of the Canadian supply is the cause. The records of prices are imperfect, but they are sufficient to indicate that the price of stores in a particular season is dominated by the supplies of "keep," that is, the crops of grass, hay and roots, to so great an extent that the effect of any other factor is completely masked. I have traced the prices of stores in relation to the crops of hay and roots, and the consistency of the curves is striking. Still more convincing of the effect of season, perhaps, is the fact that the prices of store sheep vary over a series of years in very much the same way as those of cattle. As it can hardly be contended that the absence of Canadian store cattle affects the value of store sheep, it seems clear that no inference can be fairly drawn from the price records to show the effect of so comparatively small a factor on the supply.

The interests of middlemen in any proposed alteration in the law may fairly be set aside. If lean cattle instead of fat were landed, a number of butchers at one or two ports, mainly Dept-

¹ Report on the Production and Consumption of Meat, Royal Statistical Society, 1904.

ford, Liverpool, and Glasgow, would lose business, and a number of dealers would gain by buying the animals on landing and taking them to markets throughout the country. Whether the middle profits would be greater or less on the whole is difficult to say, but, in any case, the policy of the country will not be decided by the gain or loss to the smallest interest concerned.

The interest of the British meat-consumer is, of course, the greatest of all. It has already been shown that there has been an increased supply of meat from Canada and that, at the same time, the home supply has been stimulated. But, after all, the test which appeals most to the consumer of meat is the price which he has to pay. If, on the whole, his beef has cost him more since Canadian stores ceased coming here he will not be greatly impressed by other arguments; if, on the other hand, it has cost him less, he will probably assume that he is not greatly interested in the discussion. A concise method of showing the facts is to take the Board of Trade Index number¹ of the price of beef for the ten years preceding and succeeding 1892, the numbers being based upon 1871.

Year.	Index number.	Year.	Index number.
1882.....	111·6	1893.....	88·4
1883.....	113·2	1894.....	83·7
1884.....	107·0	1895.....	83·7
1885.....	97·7	1896.....	82·2
1886.....	89·9	1897.....	83·7
1887.....	82·2	1898.....	79·1
1888.....	91·5	1899.....	83·7
1889.....	89·9	1900.....	89·9
1890.....	89·9	1901.....	85·8
1891.....	91·5	1902.....	91·5

It is evident that the price of beef has been substantially less since 1892, and by taking the mean of the Index numbers of each of the ten years immediately preceding and following that date it appears that the level of price has fallen by 11·3. This fact by itself is inconclusive, in view of the fall which has occurred in the price of commodities generally. But the Board of Trade Index number for all commodities indicates that the difference in the price levels of the decades 1882-91 and 1893-1902 was 9·1, so that the fall in the price of beef appears to have been somewhat greater than the fall in prices generally. It is difficult, therefore,

¹ Report on Wholesale and Retail Prices in the United Kingdom in 1902 with comparative statistical tables for a series of years, H.C. 321 of 1903.

to find any evidence that the consumer has been prejudiced by the cessation of the trade in imported store cattle.

Even if prices had risen it might still be contended that the payment of a small premium of insurance against the re-introduction of disease among the flocks and herds of this country would be well worth while. •

* * *

THE FINANCIAL RELATIONS OF THE DOMINION OF CANADA AND THE PROVINCES.

THE determination of the financial relations of the Provinces to the Dominion to be created was one of the most difficult problems that confronted the Fathers of Confederation in the various conferences which preceded the framing of the British North America Act. The old colony of Canada (Ontario and Quebec) and the maritime colonies of New Brunswick and Nova Scotia had each relied for the greater part of their revenue upon customs duties; and one of the great objects of Confederation was to establish a common tariff. Consequently, the constituent Provinces were to be deprived of the revenue on which they had been accustomed to depend for meeting their necessary expenditures. Three courses were possible :—(1) The whole functions exercised by the separate colonial Governments might have been taken over by the new federal authority; (2) there might have been a division of the taxing power; (3) a system of subsidies might be adopted. The first course was politically impossible. The colonies were not prepared to see themselves completely wiped out; and there were many thorny public questions, *e.g.* education, that made concession to local patriotism as wise as it was necessary. In the second place, a division of the taxing power meant divided control of the tariff, for revenue was mainly derived from this source. So the Fathers of Confederation were restricted, not less by constitutional precedents than by practical political exigencies, to a system of subsidies whereby a portion of the revenue collected by the Dominion was handed back, not as a dole but as a right, to the Provinces. The financial problems were thoroughly discussed in all the colonies, and the outcome was a fairly general agreement that the scheme afterwards embodied in the B.N.A. Act was *that least open to objections*. The terms arranged are set forth in Sections 102–126 of the Act of Confederation; and

reference must also be made to Sections 91 and 92, which lay down respectively the powers of Parliament and the exclusive powers of the Provincial Legislatures. It would take too much space to quote these sections in full, and they may be summarised under three heads as dealing with Debt Allowance, Annual Subsidy, and Powers of Taxation.

The Dominion assumed the debts of its constituent Provinces, but as the debts varied in amount there was much discussion before the *per capita* principle was adopted. The Province of Canada had a much larger debt than the two maritime colonies, at least in proportion to population, but in proportion to revenue in reality a smaller debt. Canada argued for a debt allowance in proportion to revenue, but New Brunswick and Nova Scotia were successful in maintaining the *per capita* principle. The debt of the Canadas was to be assumed *in toto* with the exception of a residue of 10 millions, which in 1873 was also taken over. Sixty-two million five hundred thousand dollars was the amount taken over in 1867, which was the sum of \$25 per head. The actual debt of the other Provinces was not so large per head, amounting to \$22.62 in the case of New Brunswick, and less in the case of Nova Scotia. The Canadian debt had exceeded \$25 a head, being \$26.82, but it was reduced to the limit of \$25 per head by leaving debts of a purely local character to the provincial Legislatures of Ontario and Quebec, allowing them in return to appropriate as provincial property such assets as were of a distinctly local character, for which part of the debt had been incurred. By the Act of Confederation, New Brunswick had a debt of \$7,000,000 and Nova Scotia of \$8,000,000 allowed, and, as their actual debts were much less, they were to receive interest at 5 per cent. per annum on the difference, this sum to be added to the annual subsidy. New Brunswick by this arrangement entered Confederation with a balance of a million dollars to its credit, for its net debt amounted to the sum of \$5,923,422. But this balance was soon wiped out, as was anticipated, by the payment of railway subsidies, which had been granted by the Province before Confederation, but were paid in terms of the B.N.A. Act by the Dominion. Even after the readjustment of 1873, by which the residue of debt of the Old Canada Province was assumed, and corresponding allowances were made to the other Provinces, these railway subsidies continued to reduce the balance in favour of New Brunswick, until in 1879 the balance was against the Province, which now paid 5 per cent. instead of

receiving it, or, in other words, had to suffer a proportionate reduction of its annual subsidy.

It is not necessary for our purpose to deal with the history of the successive readjustments which have taken place in the debt allowances to the various Provinces, nor with the allowances made to Manitoba, British Columbia, and Prince Edward Island when they in turn entered Confederation. The *per capita* basis has been departed from. Thus, Nova Scotia in 1869 was convulsed by an agitation for better terms, and succeeded in extorting an increased debt allowance of \$1,186,756, and Manitoba, which entered Confederation with an allowance of \$472,090, had this amount increased by \$3,113,334 in 1887; while British Columbia and Prince Edward Island were allowed, in consequence of their peculiar circumstances, debt at the rate of \$27.77 and of \$50 per head of their population respectively, the population of British Columbia being taken at the arbitrary figure of 60,000. Generally speaking, however, the readjustment of the debt allowance of any one Province *after* its entry into Confederation has been the occasion of a general readjustment, as in 1873, when the residue of the Old Canada debt was assumed, and in 1883-84, when interest on this residue, which had been deducted from 1867-73 from the provincial subsidies, was repaid to the Province accounts. The additional debt allowed to Nova Scotia in 1869 did not, however, involve any general increase of debt allowed to the other Provinces. There have been readjustments also of the accounts between the Dominion and particular Provinces as claims have been settled in court or by arbitration. Thus, New Brunswick had an "Eastern Extension Claim" for a section of Government railway incorporated in the Intercolonial, which was granted in 1870, and interest thereon was granted in 1899; but in neither case was there any general readjustment. It may be different with the latest claim now being preferred by the Maritime Provinces and Quebec that the compensation granted to Canada by the Halifax Award should have been paid to the Provinces whose fishing rights, as subsequently determined by the Privy Council, were the subject of payment in the Award.

The total amount of debt assumed or allowed by the Dominion on behalf of the Provinces has been (*Statistical Year-Book of Canada*, 1900, p. 480):—

1867. Canada Province	...	...	\$62,500,000
Nova Scotia	...	...	8,000,000
New Brunswick	...	...	7,000,000
Nova Scotia. Better terms, 1869	...	...	1,186,756
Canada Province. Residue, 1873	...	...	10,506,089
Province of Ontario	...	...	2,848,289
„ Quebec	...	...	2,549,214
„ Nova Scotia	...	...	2,343,059
„ New Brunswick	...	...	1,807,720
„ Manitoba	...	...	3,775,606
„ British Columbia...	...	...	2,029,392
„ Prince Edward Island	...	...	4,884,023
<hr/>			
Total	...	...	...\$109,430,148

to which must be added after July 1st, 1905, debt allowance to the two provinces to be created out of the North-west Territories, and possibly the similar allowance to be made when Newfoundland enters the Dominion.

The greater part of this sum has historical interest only from our point of view, but all of the Provinces are at the present time receiving interest at 5 per cent. on the balance of debt allowed over the actual debt assumed by the Dominion. As both the Dominion and the Provinces can borrow for a very much lower rate, this balance is a very profitable asset for those Provinces that have been thrifty enough to preserve it to any amount. In their annual statement the sum paid in interest by the Dominion is simply added to the subsidy and called Dominion Government allowance. Ontario, however, keeps the items separate, and from its statement of receipts we learn that, in addition to its subsidy and special grant for legislation, the Province receives \$142,414.43 from the Dominion, being the interest on \$2,848,289.52 created by Act of Readjustment in 1884. The Provinces are not likely to demand payment of the principal, but, though scarcely admitting the right of any Province to make an unconditional demand for the principal, the Dominion Treasury would gladly pay the money, as the following letter from the present Finance Minister, for the information of the Royal Commission on the Financial Position of Ontario, shows :—

“ OTTAWA, *January 12th*, 1900.

“ MY DEAR MR. ROSS,—I have the honour to acknowledge receipt of your letter of the 29th ultimo on the subject of certain moneys

placed^f to the credit of your Province in the accounts with the Dominion.

“The advantages to the Province in permitting these moneys to remain to the credit of the Province in the Dominion, where they yield to the Province 5 per cent. interest, are so obvious that I do not suppose you are contemplating their withdrawal. As a pure matter of finance between the Dominion and the Province, it would of course be profitable to the Dominion to pay you the money, as we could easily raise it at much lower rates.

“I do not think your Government have any unconditional right to demand this money from the Dominion. There are certain limitations provided by the Statutes; but no doubt if you desired to obtain the money, you could easily comply with these conditions.

“In the earlier history of Confederation it appears to have been contemplated that the moneys placed to the credit of the provinces in what was called the debt account should remain in that account, and the annual interest be paid to supplement the allowances for the support of the provincial governments. I find, however, that in 1874 there was a change of policy in this respect. Section 2 of Chap. 17 of the Statutes of that year provides as follows:

“‘The Governor-in-Council may in his discretion advance from time to time to any province of Canada such sums as may be required for local improvements in the province, and not exceeding in the whole the amount by which the debt of the province for which Canada is responsible then falls short of the debt with which the province was allowed to enter the Union, such advances to be deemed additions to the debt of the province, with permission to the province to repay them to Canada, on such notice, in such sums, and on such other conditions as the Dominion Government and that of the province may agree upon, any amount so paid being deducted from the debt of the province in calculating the subsidy payable to it.’

“Under this Statute it appears to have been intended that the moneys at the credit of the provinces could be withdrawn for the purpose of assisting in the construction of provincial public works. Considerable sums were also drawn by the Province of Nova Scotia, New Brunswick, British Columbia, and Manitoba.

“By Chap. 4 of the Acts of 1885 the section above quoted was re-enacted with a further limitation placed upon the action of the provincial governments by requiring the passage of a provincial statute as a basis for an application to the Dominion Government for payment of these moneys.

“I think that practically the Act of 1884 operates as an extension of the Acts relating to the Debt Account, and that, therefore, the moneys credited to Ontario by the Act stand in the same position as a balance of debt account favourable to a province under the B.N.A.

Act. This was the view apparently taken by this Department in 1884, and since continued, as appears by the Public Accounts.

" Looking at these several Acts, I am of opinion that you would not have the right to draw these moneys for the ordinary purposes of government; but that Parliament intended that they might be withdrawn by a provincial government, with the previous sanction of the Legislature, for local improvements. I have no reason to doubt that if, instead of raising the moneys for your public works by the issue of securities, you had seen fit to make application, under the Acts above cited, for a portion of these moneys from the Dominion, the Government of the day would have recognised this as a proper use of the moneys, and would have authorised the payment of the sum required.

" If you desire now to withdraw, subject to the above conditions, any moneys standing to the credit of the Province, there would not be any objection to your so doing.

" Yours faithfully,

" The Honourable G. W. Ross,
Premier of Ontario, Toronto.

" W. S. FIELDING,
" Minister of Finance."

The present allowance for debt, on which interest at 5 per cent. is paid by the Dominion to the Provinces, is—Ontario \$2,848,289, Quebec \$2,519,214, Nova Scotia \$1,056,129, New Brunswick \$529,628, Manitoba \$3,707,196, British Columbia \$583,021, Prince Edward Island \$181,932. Practically speaking, since the readjustment of 1883-84 this valuable asset of the provinces has remained unchanged, except in the cases of New Brunswick and Manitoba. New Brunswick had in 1884 a debt allowance of \$713,449, which fell annually till it reached, in 1889, \$531,449; but it has remained untouched since. Manitoba, which in 1884 was credited with \$348,493, and six months later with \$203,886, was able to enforce her demand for increased debt allowance without provoking a general readjustment, and in 1886 was credited with \$3,707,196, from which figure it has not since varied a single dollar.--(*Statistical Year-Book of Canada*, 1900, p. 488.)

The provincial revenue derived from the surplus of debt is, however, an incidental, and not always a very important item, in the annual grant, which is known in the provincial accounts as the Dominion subsidy. The newly-formed Dominion monopolised the sources of the revenue on which the Provinces had largely depended before Confederation; and although many of the functions and obligations previously discharged by the separate Governments were taken over by the new federal autho-

city, still the functions remaining included education, the administration of justice, roads and bridges, &c., and involved an expenditure much greater than could be met from the Crown Land Revenues. It was necessary, therefore, to make some arrangement for the provision of an adequate revenue to the Provinces, and the method adopted was again roughly the *per capita* method, with modifications to meet each case. The general principle was to grant from the federal revenue a subsidy of 80 cents per head of the population, "as ascertained by the census of one thousand, eight hundred and sixty-one, and, in the case of Nova Scotia and New Brunswick, by each successive decennial census, until the population of each of these two Provinces amounts to four hundred thousand souls, at which rate such grant shall thereafter remain" (Confederation Act, § 118). Nova Scotia at the time of Confederation had a population of 330,857, New Brunswick of 252,047; and Nova Scotia reached its 400,000 limit after the census of 1871, while New Brunswick still lags behind and has still the prospect of its subsidy increasing with population. The principle of an 80-cent-per-head subsidy has hardly been called in question. The precise sum of 80 cents per head was settled after a purely theoretical calculation had been made of the lowest possible cost at which the functions left to the Provinces could be carried on. No allowance was made for the inevitable increase of expenditure on these functions when they became the first care instead of the last thought of the provincial administrations; nor was the development of educational policy taken into account. In a speech during the Confederation debates in the Legislative Assembly of Canada, the Hon. Mr. Galt, the Finance Minister, entered fully into the question of future provincial expenditure and the means of covering it:—"With reference to the Lower Provinces the delegates from them to the Conference were asked what reductions they would make in the existing cost of the government of their several colonies, and the figures I am about to give will be found most satisfactory as showing their disposition to reduce their requirements to the lowest possible sum. In the case of Nova Scotia the estimate of outlay in 1864 for objects of a local character required an expenditure of no less than \$667,000 . . . they have undertaken to perform the whole service in future for \$371,000. In the case of New Brunswick, in 1864 the estimated expenditure was \$404,000, which they have undertaken to reduce to \$353,000, and at the same time they have further undertaken within ten years to make an additional reduction of \$63,000, thus reducing the whole expenditure in the

future to \$290,000. . . . In transferring to the General Government all the large sources of revenue, and in placing in their hand, with a single exception, that of direct taxation, all the means whereby the industry of the people may be made to contribute to the wants of the State, it must be evident to everyone that some portion of the resources thus placed at the disposal of the General Government must in some form or other be available to supply the hiatus that would otherwise take place between the sources of local revenue and the demands of local expenditure. . . . A subsidy of 80 cents per head was provided based upon the population according to the census of 1861. . . . The agreement does not contemplate any future extension of this amount. It is hoped that, being in itself fixed and permanent in its character, the local Governments will see the importance—I may say the necessity—of their exercising a rigid and proper control over the expenditures of their several Provinces.”—(*Confederation Debates*, pp. 69-70.)

As one of the critics of the Confederation movement said: “The need of the neediest is made the measure of the aid given to all.” The same critic went on to insist that the statement that “such aid shall be *in full settlement* of all future demands upon the General Government for local purposes” was but “a pleasant little expression,” and further that these local Governments would be found to “be pretty good daughters of the horse-leech.” Mr. Dunkin, the critic, has been justified by the financial history of Canada, though the subvention remains at 80 cents per head.

In the British North America Act one great exception was made, and wisely made. New Brunswick had declared that the proceeds of the 80-cent subsidy would not be sufficient to meet her necessary expenses by \$63,000, although hope was held out that within ten years expenditure could be reduced to the limit. So, rather than increase the rate of the subsidy all round, beyond what was needed (\$800,000 would have been required for the equivalent increase), it was wisely determined to grant New Brunswick an annual subsidy of \$63,000 in addition for ten years. Similar arrangements had to be discussed on behalf of Newfoundland and Prince Edward Island; but these colonies are not included in the British North America Act of 1867.

The exception in favour of New Brunswick became a precedent for granting in 1869 a similar special subsidy of \$82,693 to Nova Scotia as the result of the agitation for better terms, which, as we have seen, resulted also in an increased debt allowance. New Brunswick protested that if her circumstances were so much more necessitous in 1867 than Nova Scotia's, that a grant of \$63,000

had to be made to her, then she was entitled to a corresponding increase of grant when \$82,693 a year more was handed over to Nova Scotia (*N.B. Journals*, 1877, p. 179). The pessimists who predicted that these special grants would never be withdrawn proved wrong for once, because at the end of the ten-year periods these subsidies were withdrawn, all protests being disregarded (*Journals of N.B. House of Assembly*, 1877).

But as new Provinces were admitted to Confederation modifications were introduced, not in the amount per head, but in the calculation of the numbers on which the subsidy should be paid. The actual population, according to the census of 1861, was taken for all the Provinces in 1867; but this number was permanent for Ontario and Quebec, while for New Brunswick and Nova Scotia it could increase with each census till a maximum of 400,000 was reached. A further modification consisted in taking the population of a new Province at an arbitrary figure in excess of actual population.

Manitoba in 1870 was allowed 80 cents per head on her population, fixed arbitrarily at 150,000, to increase with the increase of population up to 400,000, the actual number then being 17,000. The population of British Columbia was taken at 60,000, the actual number being then 40,000, and the 80 cents per head was allowed up to 400,000. At first it was contended that 120,000 should be taken as population, because the revenue in British Columbia from customs was three times as large per head as in Canada; but the number taken, 60,000, was purely arbitrary. Prince Edward Island in 1871 received the regular subsidy on her actual population, to increase till the limit of 400,000 was reached. There was a good deal of dissatisfaction in the Canadas with respect to these concessions made to New Brunswick and Nova Scotia. It was contended that allowance should be made for increase in the Canadas also because the expenses of government increased with population. But this contention could not be made to appear reasonable, and the contrary doctrine was embodied in the grants for legislation (of which later); and it may be said that provincial opinion has acquiesced in this part of the settlement more completely than in any other of the financial arrangements of Confederation—possibly because so many of the Provinces have nothing to gain for some time by any change. New Brunswick, Prince Edward Island, Manitoba, and British Columbia all fall short of the 400,000 limit and, with the exception of Manitoba, increase but slowly.

There has been one concerted attempt to upset this arrange-

ment. In 1888 the Provincial Premiers met in conference at Quebec, and cut and carved at the B.N.A. Act with apparent pleasure. Their labours have not proved so fruitful as those of the earlier Quebec Conference which framed the Confederation Act; but at the time there was a certain political piquancy about their proceedings, for most of them were Liberals and the Dominion Government was Conservative. Among the many resolutions which they adopted was one dealing with the financial relations of the Dominion and the Provinces, by which naturally the Provinces were to secure a vastly increased subsidy. It was argued that whereas in 1867 twenty per cent. of the revenue of the Dominion was paid over to the Provinces, in 1887 thirteen was the proportion, and, it may be added, in 1900 less than ten per cent. The scheme they proposed, in addition to increased grants for the support of their Governments and Legislatures, "instead of an annual grant per head of population now allowed, the annual payment to be at the same rate of 80 cents per head, but on the population of each Province, as ascertained from time to time by the last decennial census, until such population exceeds 2,500,000; and at the rate of 60 cents per head for so much of said population as may exceed 2,500,000," the population of Manitoba and of British Columbia being taken in the meantime as that fixed by the Statutes incorporating them in the Dominion, viz., 150,000 and 60,000 respectively. This part of the scheme, which was obviously designed to meet the pressing financial necessities of Quebec, was all to the advantage of the larger provinces, Nova Scotia, Quebec, and Ontario, but it has been quite without result. It remains, however, as an ideal, an aspiration, among the needy Finance Ministers of the Provinces, and finds occasional expression in their speeches.

In addition to this 80-cents-per-head subsidy the Provinces forming the Dominion were to receive a specific annual grant for the support of their Government and Legislatures. This was roughly proportioned to their population also, but did not increase with the increase of population. Ontario received \$80,000, Quebec \$70,000, Nova Scotia \$60,000, and New Brunswick \$50,000. The expenditure of this sum was entirely at the discretion of the provincial Governments: their Legislatures might consist of one House or two; they might or might not pay their members or increase or diminish their numbers; they might or might not maintain a Government House with all its display of Lieutenant-Governorship. The other Provinces, as they entered or were created, received similar grants—Manitoba, \$30,000, British

Columbia \$35,000, and Prince Edward Island \$30,000. The Quebec Conference of Provincial Premiers insisted that these amounts should be largely increased, and should also be proportioned more obviously to population. Their plan was that the grant should be—

\$100,000	where	population	was	under	150,000
150,000	„	„	„	„	200,000
180,000	„	„	„	„	400,000
190,000	„	„	„	„	800,000
220,000	„	„	„	„	1,500,000
240,000	„	„	exceeded		1,500,000

This part of the Quebec financial scheme would have greatly benefited the smaller Provinces, but, like the other proposals dealing with the 80-cents-per-head subsidy, it has had, so far, not the slightest effect. Occasionally a provincial politician harks back to this Conference of Provincial Premiers, but the scheme has now less chance than ever it had of being even seriously considered. With the exception of claims by individual Provinces against the Dominion, which have been settled and adjusted by arbitration, and the further exception of the automatic increase of subsidy with increase of population in 1891 and 1901, the payments by the Dominion to the Provinces have remained unchanged since the Quebec Conference, and the principle of the subsidy has not been modified by any exception in that period.

The symmetry of the financial scheme embodied in the Confederation Act of 1867 was marred not only by the special grant to New Brunswick of \$63,000 per annum for ten years, but also by a further concession to the same Province of the right to levy an export duty on lumber. This had been New Brunswick's method of collecting the largest portion of her territorial revenue before Confederation, and her administrators professed themselves unable to devise any other method so effective of raising that revenue. So, by Section 124 of the Act, this customs duty is continued in the hands of the Provincial Government. In 1866, the year before Confederation, the revenue from this source had amounted to \$65,485. In the Confederation debates the Hon. Mr. Galt explained to the Canadian Assembly why this exception had to be made :—

“ If, therefore, provision had not been made for securing to New Brunswick the payment of these dues, that Province would have been deprived of the large amount which its territorial timber contributes to the revenue, and the General Government would

have been required to increase the proposed grant to that Province by an amount equal to those dues—somewhere about \$90,000 per annum.”—(*Confederation Debates*, p. 67.)

In the scheme of Confederation, as drawn up at Quebec and submitted to the Legislatures of the colonies interested, the third subsection of Section 29, dealing with the powers of the General Parliament, reads as follows :—

3. The imposition or regulation of duties of customs on imports and exports—except on exports of timber, logs, masts, spars, deals, and sawn lumber from New Brunswick, and of coal and other minerals from Nova Scotia.

The proposal to grant the right to impose an export duty on coal, &c., to Nova Scotia was dropped and does not appear in the Act of Confederation; but with the New Brunswick concession it came in for a good deal of criticism in the preliminary debates in Canada. New Brunswick, however, did not long retain the export duty. The Washington Treaty of 1871 with the United States expressly stipulated for its repeal, so far as lumber cut in Maine and floated down in the St. John river was concerned; and as there was no obvious way of discriminating between American logs and provincial logs, the Federal Government of Canada had to make provision by compensation for the repeal of the export duty imposed by the Province. In this way New Brunswick received in 1873 an extra annual grant of \$150,000 in lieu of its right under section 124 of the British North America Act, which it still receives. It may be added that the government of the Province quickly devised another method of collecting a territorial revenue from lumber cut in the Province, and in 1876 was deriving from the sale of Crown Lands and Stumpages annually about \$70,000; while in 1870 the same sources, then called export duty and casual revenue, had yielded \$105,000. By the compensation for the repeal of the export duty the Province had a revenue of \$220,000 in place of a revenue of \$105,000. The territorial revenue has since grown, and in 1900 amounted to \$185,000, and has since been increased.

The colonies which participated in the Quebec Conference did not all enter Confederation in 1867. Prince Edward Island did not enter till 1874, and Newfoundland still remains outside. Prince Edward Island was not satisfied with the terms of the Quebec Conference, and did much better for herself by delay. The original terms were allowed; debt at \$25 per head, equal to \$2,025,000, while her actual debt amounted to \$240,673; and the

eighty cents a head subsidy on her actual population of 81,000. In 1874, when the Island entered Confederation, it received a debt allowance of \$4,701,050, equal to \$50 a head : an increase justified in the Act of Union "in consideration of the large expenditure authorised by the Parliament of Canada for the construction of railways and canals, and in view of the possibility of a readjustment of the financial arrangements between Canada and the several Provinces embraced in the Dominion, as well as the isolated and exceptional circumstances of Prince Edward Island." (See *Journals, House of Commons (Canada)*, 1874, p. 403.) Our interest, however, lies not in the fact that Prince Edward Island was able to exact better terms, but in the reason given for a special and permanent grant made to her in 1874, over and above her \$30,000 for legislation, and eighty cents a head. Having no Crown Lands, and consequently no revenue from this source, the Island was to receive \$45,000 per annum, less interest, on any sums (at five per cent.), not exceeding \$800,000 advanced to purchase lands then held by large proprietors.

The interesting chapter in agrarian history, to which reference is made in the last clause, does not concern us in this place ; but the clause brings out another item in the financial relation of the Provinces and the Dominion. With the provincial debts at Confederation there were transferred those assets, generally speaking, in the creation of which debt had been incurred ; but the Crown Lands, which a quarter of a century earlier had been altogether transferred to the colonies in full right by the Crown, remained the exclusive property of the Provinces. These Crown Lands were in reality the most valuable part of the assets of the colonies, and from them it was expected that a sufficient revenue would be collected which, when added to the Dominion subsidies, would obviate the necessity of any resort to taxation. This has not proved to be the case, but a very large revenue is collected from this source by the four original Provinces. Ontario has collected nearly a third of her income from this source. In the year 1900 Quebec collected \$1,278,000, Nova Scotia \$460,000, New Brunswick \$175,000, and Ontario \$1,430,000. In the case of Provinces subsequently entering Confederation this resource was not always available. Prince Edward Island had no Crown Lands and no minerals, and received in consequence, as we have seen, a special grant of \$45,000 per annum. British Columbia was in much the same position as the four original Provinces, and the concessions in her terms of admission were concerned with the building of the first Trans-Canadian railroad ; while, on the other hand, to Newfoundland the

Quebec Conference had proposed to give \$150,000 per annum in exchange for her Crown Lands, from which the colony then derived no revenue.

The case of Manitoba stands out, and the same problems have arisen in connection with the creation of the new provinces out of the North-west Territories (1905). After Confederation Canada bought out the territorial rights of the Hudson Bay Company, paying therefor \$1,821,887. The North-West thus acquired was acquired for the whole people of Canada, more particularly, one might say, for the people of Ontario, who had fought hard to get the opening up of the North-West included in the Confederation Act, as the building of the Intercolonial had been included as a binding condition of Confederation. When a new Province was created like Manitoba the Dominion decided to retain the lands for the Dominion, and did not hand them over to the Province. The case is not exactly analogous, but Canada has hardly dealt as generously with her daughter Provinces as the Mother Country did with the Colonies when the question of the Crown Lands was finally settled. The policy of granting in unlimited ownership the heritage of the empire in the new and unoccupied lands to a mere handful of casual settlers was severely criticised in England at the time, and may be sentimentally regretted even now. But these Crown Lands were so granted, and the policy has been justified in its effects. Canada, however, does not propose to emulate such a generosity, and the New Provinces in the North-West have not made good their claim to their own ungranted territory. In 1870, when the Province of Manitoba was created, it was enacted that all ungranted or waste lands in the Province were vested in the Crown, and were to be administered by the Government of Canada for the purposes of the Dominion. But this policy could not be maintained because it left no territorial source of revenue open to the Province; and some years later, 1887, a readjustment took place by which the Dominion took over \$3,113,334 of additional debt on behalf of the Province, and certain unoccupied lands known as the Swamp Lands (1885) were placed at the disposal of the Province. From its share of the Crown Lands within its own boundaries Manitoba derived in 1900 the sum of \$62,000. The fact that Manitoba had no territorial revenue because no Crown Lands was, from the first, a source of financial and political disquiet. In 1883, for instance, a Farmers' Protective and Co-operative Union held a Congress or Convention in Winnipeg, and declared "that the Province should insist upon the absolute

control of her public lands, including school lands, by the Legislature of the Province, and compensation for the lands sold and used for Federal purposes"; and the agitation was strong enough to compel the Dominion Government eventually to grant much better terms. In 1882 Manitoba had her specific grant for legislation increased from \$30,000 to \$50,000, and received as "an indemnity for the want of public lands \$45,000, following the precedent set in the case of Prince Edward Island." But this settlement was by no means final, for in 1885 we find the Dominion Government granting the Swamp Lands to the Province, endowing the University of Manitoba with 150,000 acres "of land of fair average quality," and granting in perpetuity an annual indemnity for withholding the public lands from the Province, \$100,000 in place of the \$45,000 granted in 1882.

There were also certain conditions made prior to Confederation on behalf of this Province, or of that, involving large expenditures by the Dominion; and in a sense it might be said that some percentage of their cost, or at least the annual charge they involve on the revenues of the Dominion, should be considered as entering into the financial relations of the Dominion and the Provinces. Such conditions generally take the form of the construction of public works, chiefly for the benefit of the individual Province. The large debt allowed to Prince Edward Island was, as we have seen, justified partly on the ground that owing to her isolated position she could not benefit by the railways and canals built in other Provinces. The building of the Intercolonial railroad was a condition inserted in the Act of Confederation itself. All the four Provinces seem to have been equally anxious to have it built; no single one of them, however, was willing to have the cost of its construction placed to her political account. Fortunately no time limit for its construction was laid down, and so it has never been determined who was most interested in its construction, and, therefore, entitled to compensation for delay. Ontario thought that it was a necessary concession to induce the maritime colonies to confederate, and Nova Scotia and New Brunswick averred that the construction was a matter of such vital importance to a winter-bound colony like the Canadas, that Confederation or no Confederation, the Colony of Canada would have been compelled to build it. The matter may be left as it stands with gratitude that it was never brought to a decision, as the benefit to be derived from the Transcontinental road was. The eleventh section of the agreement under which British Columbia entered the Dominion reads:—

“ The Government of the Dominion undertake to secure the commencement simultaneously within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada, and further to secure the completion of such railway within ten years from the date of Union.”

There never, indeed, was the slightest doubt regarding the particular advantage which British Columbia was to gain; and when the Dominion Government hopelessly failed to carry out the construction within the time limit fixed, the question was not to whom, but how much compensation must be paid, and what form shall it take. The question at issue was adjusted in 1883 by the Settlement Act, and very much to the advantage of British Columbia.

But except historically, it is, perhaps, as well to consider these and other public works entirely from the Dominion side, and not as entering into the financial relations between the Provinces and the Dominion.

The reason for all this elaborate system of grants in aid and *per capita* subsidies and debt-allowance on various scales and from various reasons, was that the constituent Provinces had resigned into the hands of the Dominion all the sources of tax revenue on which they had depended, and that the Dominion had reserved for itself exclusively all those taxes which time had sanctioned. The Dominion had, it is true, taken over many of the functions previously exercised by the Provinces, and thus materially reduced their necessary expenditure, but many important and costly functions remained. The relevant subsections of the financial clauses of the British North America Act are these :—

The Dominion shall have the power of the raising of money by any mode or system of taxation. § 91, sub § 3.

The Provinces have the power of Direct Taxation within the Province in order to the raising of a Revenue for Provincial purposes. § 92, sub § 2.

The Provinces have the power of issuing shop, saloon, tavern, auctioneer, and other licenses in order to the raising of a revenue for provincial, local, or municipal purposes. § 92, sub § 9.

While the Dominion has the power of direct or indirect taxation, the Provinces are confined explicitly to direct taxation. The

Dominion has exercised its right to impose direct taxation, but the growing necessities of the Provinces, together with the gigantic prejudice against direct taxation, has induced the Dominion to repeal those taxes (Stamp Taxes) and to rest content with the revenue from indirect taxes. But the Provinces had little to be thankful for in being granted the privilege of direct taxation, for in the state of the public mind in Canada regarding direct taxation, it was practically impossible for them to make use of their privilege. Twenty years after Confederation New Brunswick had not dared to resort to direct taxation, and some of the Provinces use the power only in a tentative way, and derive but little revenue from this source. It has been a constant ground of criticism by the Opposition in the local legislatures that the continuous expansion of expenditures would lead to direct taxation. It was certainly expected that the Dominion subsidies, together with the territorial revenue, would prove sufficient for the legitimate needs of the Provinces; and when this expectation was shown by events to be groundless, the first instincts of the Provinces was to seek at Ottawa some increase of subsidy. Hence the Quebec Conference of which mention has been made. In 1888, the year of that Conference, when the demand was formulated for increased subsidies, New Brunswick had a revenue made up as follows :—

Dominion subsidy at eighty cents			
per head	...	...	\$256,986.40
Grant for Government	...		50,000.00
Export Duty indemnity	...		150,000.00
Interest on balance of debt at			
five per cent.	...	...	30,320.13
			-----\$487,306.53
Territorial Revenue	...	...	135,000.00
Fees, Provincial Secretary's Office	...		6,500.00
Receipts, Agricultural Department	...		11,400.00
Other receipts (lunatic asylum			
charges, &c.)	...	...	3,500.00

Total			\$643,706.53

In this statement of estimated receipts there is no sign of direct taxation, and the Provincial Secretary hoped in his Budget speech that the Quebec Conference would result in such an increase of subsidy that the Province would be able to repeal the "stampage" on lumber cut. Allowing for changes in the Dominion subsidy

and for the growth of territorial revenue, this is practically the same Budget as in 1876 and 1877 (estimated) :—

1876.		1877.	
Subsidies ...	\$511,819.10	Subsidies ...	\$470,000.00
Casual and Terri-		Casual and Terri-	
torial Revenue	76,048.47	torial ..	75,000.00
Fees, &c. ...	25,034.84	Fees and other Re-	
		ceipts ...	34,000.00
Total ...	\$613,002.41	Total ...	\$579,600.00

If we compare these Budget statements with those of 1900 we can see to what extent the same Province has had recourse to direct taxation. The Dominion subsidies stand at practically the same amount as in 1888, and the territorial revenue has increased.

Dominion Subsidies ...	\$183,491.78
Territorial Revenue ...	175,818.39
Fees and Miscellaneous Receipts ...	12,011.88
Succession Duties ...	39,522.98
Taxes Incorporated Cos. ...	25,352.30
Licenses ...	21,628.36
Queen's Printer ...	1,000.78
	<hr/>
	\$758,826.47

In this matter of imposing direct taxes New Brunswick, like the other Provinces, has simply and almost slavishly followed the example of Ontario; and in Ontario most of the direct taxation has been imposed during the last decade. Liquor licenses have always been a source of revenue, but succession duties were not imposed till 1892, Corporation taxes not till 1899, and Loan Company Fees 1897. In the Province of Quebec direct taxation has been carried to the farthest extent, and a much larger proportion of its revenue is derived from taxation than is the case in the other provinces—a fact of which Montreal justly and loudly complains. All the Provinces have liquor licenses, succession duties, and all but British Columbia have Corporation Taxes. British Columbia, on the other hand, has a real property tax, from which, in 1900, \$118,214 was realised; a personal property tax from which \$73,443, and an income tax from which \$17,978 were realised. It also has a variety of small taxes on land and mines and mining and coal, the nature of which is not indicated by the name in the financial abstracts. Prince Edward Island has also an income tax, from which the modest sum of \$5,505 is realised, and an iniquitous tax called

Commercial Travellers' Licenses, which is protective in character; and probably *ultra vires*. Nova Scotia, owing to the large revenue it derives from mines, two-fifths of the whole (the Dominion subsidy amounting to another two-fifths), has had less need to have recourse to direct taxation; and Succession Duties, from which only \$29,688 were received, is its only important direct tax.

These taxes have only been resorted to after exhausting all other expedients. Firstly, the attempt was made to get the Dominion subsidy increased either directly or by securing an increased debt allowance. Since 1887, the year of the Quebec Conference, practically nothing has been done to change the financial relations of the Dominion and the Provinces—a few dollars and cents this way or that, or a minor claim adjusted by arbitration has been the extent of the changes. The territorial revenue has not usually expanded with increasing general expenditure, and two courses only remained open, either by economy to reduce expenditure, or by legislation to transfer from the Province to the Municipalities the cost of certain services, e.g., education, maintenance of roads, &c. Both of these courses have been followed, and it is safe to say that the latter course will become more and more popular. New Brunswick, for instance, decided that a second House of Legislature was an unnecessary expense, and that the maintenance of a Government House for the display of the Lieutenant Governor's hospitalities was also needless. But in an age when expenditures are everywhere increasing, economy may be the best tax, but is seldom resorted to, and is seldom productive; and relief has been found rather in unloading the cost of certain services on the municipalities. Here, again, the example of Ontario has helped in the determination of policy elsewhere. That Province had at Confederation a most excellent municipal system which some of the others are now only imitating. It was thus able to devolve on the local authorities large charges for education, roads, &c., with the assurance that the work would be done. Thus, even in 1900, Ontario, with a population of 2,132,947, spends \$758,466 on education, while New Brunswick, with a population of 331,120, spends \$203,983; yet it is not popularly supposed that the New Brunswick system is any more efficient than the Ontario system. The process of devolution of expenditures on the municipalities has simply, owing partly to historical differences relating to local government, been carried further in Ontario than elsewhere; and the excellent financial showing of that Province, having no debt, and an actual, and substantial, and available surplus of assets

amounting to more than one year's revenue, is due in very large part to this devolution. Other Provinces are following the example, and it is, perhaps, legitimate partisan criticism that they are making ends meet by compelling the municipalities to meet the cost of certain services. The alternative is direct taxation for provincial purposes, probably in its directest form of an income tax; and no government, in spite of tentative experiments with succession duties and corporation taxes, cares to adopt such an alternative. The procedure is, perhaps, not only financially necessary, but politically sound, for in some of the Provinces municipal institutions are weak and dependent.

The financial relations of the Provinces and the Dominion may be summarised :—

Dominion Debt allowance at first \$25.00 per head of population, but afterwards at \$27.77 per head, and special modifications for special cases. In particular where there are, or were, no Crown Lands, an extra allowance is made, Prince Edward Island receiving on conditions \$45,000 a year extra, Manitoba being allowed, in 1887, an extra \$3,113,334 in consideration that she had no territorial revenue.

An annual subsidy of eighty cents* per head on actual population of Provinces of Ontario and Quebec at time of Union, and on an attained maximum of 400,000 in Nova Scotia, and on actual population of the other Provinces which are still under 400,000. There is also a fixed grant for government and legislation, and there have been special grants, usually of a temporary character.

The Provinces have the right of direct taxation, which they have exercised chiefly during the last decade after

- (1) striving to get their allowance from Ottawa increased—efforts which culminated about 1888;
- (2) effecting economies, or rather cutting off expenditure altogether;
- (3) devolving the costs of certain services, such as education, roads, &c., upon the municipalities, and thus throwing the odium of levying direct taxation on purely local authorities.

The direct taxes imposed are chiefly liquor licenses, corporation taxes, and succession duties; the general property tax and the income tax being usually left to the municipalities and the cities. The total tax revenue received by the Provincial Governments forms but a small part of the annual revenue. The following passage from the Report of the Royal Commission on the Financial

Position of Ontario, shows the proportions of revenue derived from different sources.

The receipts of the Province since Confederation have been \$103,815,404.42, namely :

Dominion Government	\$47,624,136.35
Territorial Revenue	34,740,205.78
Earnings and Repayments	10,833,459.05
Licenses, Stamps and Fees	10,397,679.23
Unclassified	219,924.01

It will be seen that from the first two sources named have come four-fifths of the entire receipts, the remaining one-fifth falling into two nearly equal parts, under the headings of Earnings and Repayments and Licenses, Stamps and Fees.

During the earlier years the payments by the Dominion supplied more than one-half of the needs of the Province, and although the proportion must steadily diminish, it is still one-third.

The receipts from the Department of Crown Lands have been one-third of the whole. They include collections which, as the result of inherited statutory obligations, were separated from the ordinary receipts from Crown Lands. The Province is gradually discharging these statutory obligations, and the entire receipts from Crown Lands will eventually form part of the ordinary Consolidated Revenue Fund, thus becoming subject to direct appropriation by the Legislature.

Of the sum of \$10,833,459.05 under the heading of Earnings and Repayments, only \$3,334,347.32 can be described as earnings; the remainder being either investments repaid, or deductions from expenditures. The receipts from Prisons, Asylums and Educational Establishments, although usually spoken of as earnings, in reality constitute a repayment of a small portion of the cost of these establishments.

The proceeds of annuities sold are regarded by the department as replacing to that extent payments of Railway Certificates, thus extending the aid to railways over a further period of forty years. In this view the Railway Certificates and the Annuity Repayment Certificates are alike regarded as a charge upon the year in which they mature. Both have formed part of the yearly financial statement submitted to the House, but they have been excluded from the liabilities of the Province, which have been limited to those immediately payable.

About one-tenth of the income of the Province since Confederation has been supplied by Licenses, Stamps and Fees, viz., \$10,397,679.23, and more than half of this has come from liquor licenses.

At present, out of a revenue of \$4,192,000, Ontario derives \$1,438,000 from the Dominion, \$1,430,000 from Crown Lands,

and \$10,000 from Licenses, Succession Duties, and Corporation Taxes. Quebec, \$1,200,000 from the Dominion, \$1,278,000 from Crown Lands, and about \$1,000,000 from taxes, out of a revenue amounting to \$4,451,000. Nova Scotia receives \$432,000 from the Dominion, \$460,000 from mines and lands, and \$29,000 from taxation, out of a revenue of \$1,014,000. New Brunswick derives \$483,000 from the Dominion, \$175,000 from territorial resources, and \$85,000 from taxes, out of a revenue of \$758,000. Manitoba, out of a revenue of \$905,000, receives \$475,000 from the Dominion, only \$62,000 from Provincial Lands, and about \$170,000 from taxes; and Prince Edward Island receives \$181,000, or two-thirds of its income, from the Dominion, and ekes out the remaining third from a multitude of small taxes. The Dominion subsidy thus forms one-third of the revenue of Ontario; between a third and a fourth of the revenue of Quebec; nearly one-half of the revenue of Nova Scotia; nearly two-thirds of that of New Brunswick, and also of Prince Edward Island; and about three-fifths of that of Manitoba; while for British Columbia it is considerably less than one-fifth, being \$242,000 out of an income of \$1,544,000.

Note.—Since the above was written the terms on which the new Provinces in the North-West enter into full provincial rights have been set forth in the Autonomy Act to go into force July 1st, 1905. No new principle is introduced, although the terms granted are liberal enough. The Dominion Lands have been retained in the hands of the Federal authorities in spite of the vigorous protests of the representatives of the North-West. The interest on the price obtained for those sections which were set aside for the endowment of education, and are known as the School Lands, will be paid over annually to the new Provinces, to be devoted to education. Indirectly this provides them with a Territorial Revenue of a sort, but over it they have no control; and it is safe to say that some modification of this policy of reserve will be made. A grant is made to each of \$50,000 for legislation and government; the annual debt allowance amounts to \$405,375.00, and the allowance in lieu of Dominion Lands is \$375,000 a year. The 80-cents-per-head subsidy is calculated on the basis of a population of 250,000, and increases till the population, the number of which is ascertained every five years, reaches 400,000. The total revenue of each Province from Federal sources will be for the first year \$1,330,375, not including the interest on \$220,300, the amount of the School Fund held in trust for the new Provinces by the Dominion.

JOHN DAVIDSON.

ARE MANUFACTURES UNSTABLE INTERNATIONALLY?

MR. CUNYNGHAME¹ has recently put forward views as to the nature of the equilibrium attained in international trade, when an industry subject to increasing returns is divided between two countries, which seem to the writer to depict national industries as less secure commonly, in the face of foreign competition, than they actually are. Mr. Cunyngame argues thus :—

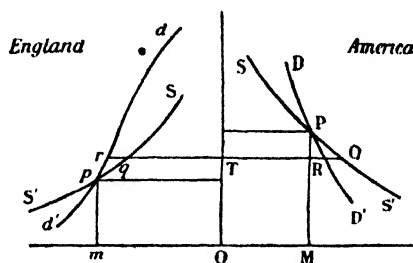


FIG. 1.

“ Suppose the supply and demand curves were as in Fig. 45 (Fig. 1 above), the prices in the two countries being PM and pm respectively. When trade commenced, English goods would at once be offered in the American market, the price would rise in England, and consequently the English demand be restricted. The goods thus thrown on the American market would lower the price there, and, therefore, increase the amount demanded. The increase of amount demanded would induce American manufacturers to compete with English manufacturers. The Americans would, as the shape of the curves show, soon produce more than they wanted, until RQ ex-

¹ In his interesting *Geometrical Political Economy*, p. 87. The present article will be confined to the broad issue defined by its title, and the writer must not, of course, be taken to assent to every part of Mr. Cunyngame's teaching upon International Trade which is not specifically objected to. It may prevent some misunderstanding to state that nothing in the discussion that follows is intended as a denial of the possibility of the kinds of instability indicated by certain conceivable intersections and contacts of Professor Marshall's foreign trade curves.

ported from America= rq imported into England, and the price would rise in England and fall in America till it stood at OT . Any attempt on the part of American manufacturers to exceed their output of TQ would involve more being thrown on to the combined markets of England and America than the demand of those countries could carry at the price at which the goods could be offered; in other words, Qq , the total production of both countries, would exceed the total demand Rr , at the price, OT , at which the article could be offered, so that in the end the position of T would be a point of equilibrium, at which, at the price OT , the combined demand of the two countries would equal the combined supply. In certain states of curves T would not be a point of equilibrium; all would depend on whether the lowering of price caused the supply at that price to exceed the demand. Then further manufacturing would stop. There might be other points of equilibrium, and *ultimately it would be probable that the whole of the supply would be made in one or other country.*" (The italics are mine.)

Another case is then dealt with, but the one given will be sufficient for our purpose.

Granting provisionally the premisses underlying the diagram reproduced above, I should contend, in the first instance, that the case for instability has not been made as strong as it might have been made. I must preface my argument by laying down the three propositions that follow. (1) The long-period marginal cost of production for a certain output is not the marginal cost of production for that output when it is first reached—a more or less lengthy process of settlement to new conditions is required before the cost of production can be reduced to the normal position for that output. (2) The long-period marginal cost of production is not usually realised imaginatively with sufficient completeness before it is attained to constitute a *present motive*; and (3) the incentives which cause enlarged or contracted outputs are as a rule abnormally high or abnormally low profits, which are regarded as not merely accidental and narrowly temporary. These propositions may be taken as generally true, but they cannot be affirmed absolutely since very large operations, the justification of which lies wholly in anticipated long-period effects, are occasionally entered into—especially in the United States, where enterprise is audacious and bold financiering enables enormous capitalistic burdens to be assumed. In the case supposed by Mr. Cunynghame, as soon as trade was opened English goods would be exported to America. Now the reactions upon this trade depend mainly upon the incentives to produce created in America and England respectively. Producers' profits

would be abnormally high in England, but abnormally low in America; hence in England, there would be a strong disposition for the industry to grow, whereas in America there would be little likelihood of more capital being attracted to it, in the hope of a lower cost of production being reached as a result, because of the keenness of English competition and the prevailing ignorance of demand. The final result is apparent: Mr. Cunyngname's premisses being assumed the whole industry would fall to England.

Still arguing on the same basis, let us suppose that the position of equilibrium indicated on the diagram has somehow been attained, and ask under what conditions it will prove comparatively stable. I am not quite clear as to Mr. Cunyngname's opinion upon this point. "In certain states of the curves," he says, " T would not be a point of equilibrium; all would depend on whether the lowering of price caused the supply at that price to exceed the demand." This passage seems to mean that there may be several contiguous positions in which Qq equals Rr . The conditions of T being a position of stable equilibrium, from Mr. Cunyngname's point of view, are that, within limits, for contracted outputs Qq should be less than Rr , and for enlarged outputs Qq should be greater than Rr . There might be other similar positions and the degree of stability of the one in question, assuming it to be relatively a position of rest, would depend, we might say, roughly speaking—though this lies lateral to our main discussion—upon the distance of the proximate positions of equilibrium (supposing many) from it, since the nearer they lay the more chance would there be of oscillations bringing one of them to remain. Here, did space permit, something ought to be said of short-period equilibria, since it is through them that a long-period position of rest is introduced. An oscillation to a new output, corresponding to another position of normal equilibrium, would be followed by a backward swing were there not temporary favourable conditions to fix it until the normal cost at that output evolved. But this point must be waived. Now Mr. Cunyngname's determination of the position of equilibrium, on his own analysis, seems to me to comprise only half the necessary conditions, even broadly conceived. His conclusion follows from a simple compounding of the supply and demand curves of the two countries, but it is of the very essence of his argument that there are two rival sets of producers subject to independent conditions of production.¹ We must consider, then,

¹ This is a point to which I shall state some objections later. Mr. Cunyngname quite realises the difficulties involved in compounding independent descending

the forces at work when the alterations in output¹ in each country are not such as to allow them to be treated as proceeding from the two countries regarded as one. The possible cases may be generalised as two: (1) an enlarged output in one country, the output from the other being as before; (2) a contracted output in one country, the output from the other being as before. Let us take case (1) first.

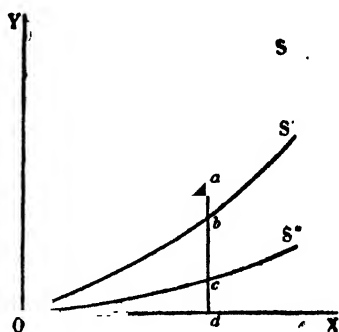


FIG. 2.

In Fig. 2 above let O be the old position of equilibrium. Additional quantities over the quantity at O are measured along OY and marginal costs of production along OX in amounts diminishing from the cost at O . Let S' show the costs of production at which England could turn out quantities above those provided by her at O . Let S'' be a similar curve for America. At O the marginal costs of production in both countries have been taken as identical (costs of carriage being ignored). S is the compound supply curve with reference to S' and S'' ; therefore, in the figure above, ad (being any ordinate of S) equals $db + dc$ (b and c being the points of intersection of ad with S' and S'' respectively). As O was the position of equilibrium, D (the compound demand curve) passed through O and would lie below S . Now should D , after passing through O , fall at first above S' , it is obvious that if either country enlarged its output (within limits), the other country producing as much as before, the one that enlarged its output would be induced to expand it further, while the other would tend to contract its industry, or, at any rate, to keep it stationary. For the price would drop below the old cost of production, but

supply curves, and inclines to the view, therefore, that all divisions internationally of a manufacture subject to increasing returns are more or less insecure.

¹ Demand may be treated as wholly international, since we understand, for the purpose of this argument, that either country may satisfy equally well a demand at home or abroad.

remain above the new cost of produce in the country of the growing industry. If D lay at first between S' and S'' , England would check any*sporadic growths of her industry because they would not pay, but such growths in America (whose curve is S'') would be encouraged and continue further. Only if D lay below S'' would the position of rest at O prove moderately secure, for then alone would expansions in both England and America meet invariably with losses.

The argument just used, it will be observed, is similar to the one advanced previously to show that T in Fig. 1 would never be reached if previously England's cost of production were pm , and America's PM . We are supposing further, however, that some at least of the oscillations in national output that occur meet at once with lower costs of production or give rise to immediate anticipations of lower costs of production. If this may not be assumed, the argument breaks down. Certainly, the full economies of the enlarged output are not reaped at once; but probably sufficient economies become visible at once to compel a working belief that a somewhat lower cost of production will be reached in due course. Hitherto we have ambiguously named S , S' and S'' in Fig. 2; now we may describe them as representing the immediately anticipated marginal costs of production and as lying somewhat above the long-period marginal costs of production.

Case (2)—that is, a contracted output in one country, the output of the other being as before—need not delay us long. Profits would be abnormal in both countries; the industries in both countries would, therefore, grow, but this would tend to upset the previous balance and give one country the start over the other which might lead to its complete absorption of the industry ultimately.

The discussion so far has been directed to showing that, Mr. Cunynghame's premisses being accepted, the case for the insecurity of national manufactures is stronger even than he makes it appear. I shall argue next that the equipoise of foreign trade is very seldom so precarious as Mr. Cunynghame would have us believe.¹

I should contend that the theory under examination cannot be made to cover all the facts: while it explains, for instance, how two or more countries might possibly share a particular manufacture subject to increasing returns, provided that one country never had a great start of the other, it does not admit of advancing

¹ See, e.g. pp. 89—90 of his book.

countries, young in industrialism, beginning such manufactures without the aid of very heavy artificial or natural protection. The theory, indeed, must necessarily be incomplete, since its author elects to disregard changes in the value of money in different countries, as brought about by changes in their foreign trade, and the influences of the trade in other commodities upon the trade in the one commodity which is examined.¹ Again, Mr. Cunyngame's use of "increasing returns" may be objected to. Increasing returns in any one country cannot as a rule be defined as a function of the output from that country alone. Many of the conditions of increasing returns are, so to speak, international in character in a world of world-markets, and the more so, the greater is the part played by the world-markets. All increasing returns are connected with specialisation—by "increasing returns" I mean the lowering of the marginal cost of production, though all else remain the same and no scientific or technical advance be made—and division of labour, that is specialisation, is limited by the extent of the market for the product, together with the extent of market which the industry as a whole presents to the subsidiary industries. The term market refers to the circle of consumers which each producer can economically reach, and in these days such a circle frequently runs through many countries. In this connection it is of some importance to notice the overlapping of the markets open to each group of producers where there is something less than a world market.² The degree of specialisation that any one firm of producers may attempt without risk depends upon the foreign demand for its goods as well as upon the home demands. Again, the intensity of specialisation reached by machinery is a function of the degree in which processes have specialised in distinct businesses, whether in the country of the machine makers or in foreign parts to which they can export: hence much of the advantage offered by developed subsidiary industries must be regarded not as a parochial or national advantage, but as an international advantage.³ The

¹ This criticism will be expanded later. Mr. Cunyngame justifies his taking the value of money as constant (p. 12), on the ground that the imports of one commodity are insufficient to affect the general money standard. Is this justification meant to apply to all cases of the complete removal of an industry from a country, which Mr. Cunyngame contemplates as likely in the light of his theory? we may naturally ask. Upon this question in general see Professor Edgeworth's review in the last issue of this JOURNAL (p. 69).

² A point arising out of this conception will be dealt with under case I. below.

³ Take a concrete case. Suppose that Bulgaria begins to compete with Lancashire in the cotton industry, as she has recently done. It is not necessary for the Bulgarians to perform all the processes of cotton manufacture, from cleaning the

new enterprise in an unadapted environment does not, of course, enjoy all the favourable conditions that are common where the industry is large and old-established. Many of these conditions are national; many are even parochial. The mere growth of the industry in its new home, apart from other influences, will no doubt endow it with increasing returns; but after the local industry has reached a certain magnitude the increasing returns so caused may become very slight, though those caused by the growth of the industry as a whole might continue to be considerable.

It follows from these considerations that it is not legitimate to use national supply curves indicating increasing returns, as Mr. Cunynghame has done, in order to show the influences determining international exchange between two countries in respect of a commodity produced by both; for the supply curve is not national as the corresponding demand curve is national. Indeed, it is quite conceivable that the contraction in any one country of an industry subject to the law of increasing returns might in the long run be accompanied by a reduced marginal cost of production owing to a simultaneous expansion of the world market. In order to exhibit geometrically the increasing returns due to increased world production, together with those due to increased production in a particular country, more than two dimensions would be required. Manufactures subject to diminishing returns owing to the conditions under which their raw material is obtained, when symbolised in three dimensions as suggested would show decreasing returns as a result of international expansion, but increasing returns (as ordinarily conceived) as a result of national expansion, on the assumption that approximately all the sources of raw material were open to all manufacturers and that its cost of carriage were ignored. All such manufactures, as to which this

cotton, and spinning all the sorts of warps and wefts required, to making up and finishing the fabric. They are not, therefore, compelled to work uneconomically with no specialisation to speak of. Naturally the Bulgarians would start producing a narrow range of counts that are easily spun. For these counts there would be, we may suppose, a large home market at a price, some of which they would try to satisfy. My point is that they could begin with intense specialisation because of the extent of the market already created by foreign enterprise. Nor need the Bulgarians either use rough machinery constructed by village smiths, until their mills be sufficient in number to afford a market for specialised machines, or begin spinning at once on a gigantic scale; for machinery can be imported, and, therefore, approximately as great a degree of mill-specialisation could be attained with one mill as with one hundred mills. Certain continental mills, indeed, might share in the advantages accruing from the developed Liverpool cotton market, but many, of course, would be prevented from doing so by the cost of transport and the obstacles in the way of frequent deliveries.

assumption may be generally made, must, therefore, be taken as subject to increasing returns (as ordinarily conceived) in arguments, like the above, concerned with foreign competition.

Now let us ask the question : How comes it that a country may produce and import the same commodity, even when it is manufactured under local increasing returns? How such a division of manufacturers is brought about under the local diminishing returns due to the diminishing returns of comparatively localised supplies of material, is apparent. Increasing and diminishing returns are both to be understood above in the general senses in which they are commonly used. Take two countries, X and Y, both producing cotton yarns of exactly the same kind, and one of them at least importing these yarns also from the other country. Why are not all the yarns of the kind in question produced in X or Y? I shall answer this question as if it read : Why does not Y, the importer, increase her cotton-spinning industry? but the same reasoning might be applied to X's end of the exchange. It will be convenient to distinguish four cases in addition to the one given by Mr. Cunynghame, which I accept in general as possible on the understanding that the conditions of supply in the two countries refer to the local, as opposed to the international, influences which foster increasing returns, and subject to the other limitations imposed above.

1. It might be possible to lower the cost of production of cotton yarns in Y by increasing the output, but the cost of reaching new customers might more than offset the gains. Thus a few mills, let us suppose, are splendidly placed with reference to power and material and other factors in production, while in close proximity to the mills there exists a small market for yarns which these mills completely satisfy. We must notice here the other advantages, besides saving on cost of carriage, which businesses may enjoy through being carried on in close contact with the consumers. Demand can be satisfied more speedily ; hence persons buying locally may be saved the exercise of some forethought and may be willing to pay for the convenience. Again, the character of the product may be kept in closer touch with local needs—but in noting this point we are departing from our assumption that the products of both countries are exactly the same. To resume our main argument, the building of another mill in the district would probably lower the cost of production of yarn in the district, but if the surplus product had to be carried some distance for sale, its price to the remote consumers might be greater than the price at which they were in the habit of buying yarn from X. Broadly conceived,

this is a case of diminishing returns due to a limitation of convenient situations for mills. It is obvious, for the general reasons advanced in this paragraph, that both X and Y might export the same thing to one another. Here it may be of some interest to notice incidentally that if Y stood midway between X and Z, Y might be the sole exporter to Z of certain classes of yarn which she produced also for herself, and might even, by virtue of the local economies caused by her trade with Z, export such yarns to X in spite of any general superiority of X in spinning. The necessity of noticing the location of manufactures with reference to the consumers might be partially avoided by including all costs of transport of the finished commodity in question in cost of production; but then the theory of foreign trade would explain only international exchange as between producers on particular sites and consumers in particular localities, and not as between countries as a whole. With reference to the points raised in this paragraph it should be noted that Mr. Cunynghame excludes cost of carriage with the legitimate object of simplifying his argument.

II. There may be diminishing returns from the point of view of production, though there would be increasing returns if more operatives and organisers could be obtained without the marginal efficiency of labour in the industry falling. Spinning in X and Y may be compared to the cultivation of two fields, one of which is extremely fertile. In the cases of the fields, we suppose equal ability in the cultivators, but differential fertility, whereas in the case of spinning in X and Y we suppose equal external conditions of success (or an approximately constant relation between the two) but differential abilities in working. The law of increasing returns would apply to spinning in Y if only a constant supply of efficient labour and organising power could be procured, just as the law of increasing returns applies to agriculture (apart from the question of situational conveniences) on the assumption that an unlimited supply of land of equal fertility can be obtained. England, with her high level of local economies for spinning, has a low margin of working, and gains in consequence high personal rents and quasi-rents. Austria, say, with her low level of local economies, has a high margin of working and earns few such rents and quasi-rents.

III. Then there are the other industries in Y to be taken into account. The total industrial circumstances of Y might be such that the abstraction of labour and capital from other industries to spinning would result in a balance of loss, though a lower real

cost of production might thereby be attained in respect of yarns. That is, in view of the conditions of supply in other of Y's industries, the absolute local increasing returns in spinning stand relatively for diminishing returns.

IV. There is also demand to be taken into account. Suppose that Y could reap a surplus of economies in production, if that were measurable, from increasing the manufacture of yarns, still it might not pay her to enlarge the output of yarns owing to the character of the demands by which her industries were conditioned. Augmenting her output of yarn, for instance, would diminish her imports of yarn, and this, if her exports remained comparatively as before, would necessitate other imports. But the value of the other imports to Y might be less than the value previously obtained by Y through the production from which labour and capital were diverted to increase the cotton-spinning industry. Or, to state the case in another form, the increased output of yarn might be obtained at the expense of an export, and the industrial change supposed might prove unprofitable owing to the intensity of the demand for this export in X. I have taken merely two concrete examples to illustrate the point. Generalised, the point is that increasing or decreasing returns ought for our purposes to be reckoned not in terms of the amount of product but in terms of real value or utility. The question is whether by producing and exchanging on one system more value is created than by producing and exchanging on any other possible system. Again we have another influence which transforms apparent increasing returns into actual diminishing returns.

The line of argument pursued above ¹ is awkward as an elucidation of the mysteries of international trade. It had to be chosen, however, in order to bring the ordinary theory into contact with Mr. Cunyngame's views. The analysis of these four cases yields nothing more than a description of the circumstances under which diminishing or increasing returns, as measured by the utilities ultimately attained, are found; or, in other words, the circum-

¹ Much of this argument could be adapted to explain the centralisation of some industries, and the decentralisation of others, nationally. Whether an industry localises narrowly or not may be taken roughly as a function of local increasing returns, the conveniences of production near the consumers, and costs of transport. With reference to local increasing returns, we may observe that the most economical labour for a particular industry may be found where there are certain groups of other industries, and in each group in limited quantities only. Increasing returns in most cases seem to be closely intertwined with decreasing returns. Mr. Cunyngame's bare argument might drive the casual reader into thinking that, but for the cost of transport, all manufactures would theoretically localise nationally as well as internationally.

stances governing the shape of Professor Marshall's international trade curves under the condition of there being two manufactures only. But the important point for our purpose is that the local real diminishing returns revealed above emerge in an industry that would be correctly described as subject locally at the time to the law of increasing returns as ordinarily conceived, and it is the division of such an industry between different countries that Mr. Cunyngame is considering in the argument from which I have quoted at the beginning of this paper. I agree with Mr. Cunyngame that the conception of diminishing returns is required to explain satisfactorily stability in trade when we have a country importing and producing the same thing, but I differ from what I take to be his view in that I regard relative diminishing returns (that is, diminishing returns measured in the real values received for delivery to marginal buyers and taken in relation to the differential returns from other industries when measured in the same way) as sufficient for the purpose, and believe relative diminishing returns to be generally operative when the same industry is shared by two or more countries. It would be as well to observe here, perhaps, that many of the cases of a country importing and producing the same thing are due to the defects of classification, and are apparent only, the commodity produced at home being of a kind that is not imported. Thus a country may produce coarse cotton yarns, to recur to our previous example, and import fine cotton yarns.

I cannot conclude without expressing my admiration of Mr. Cunyngame's work upon the theory of foreign trade, even where I do not agree.

S. J. CHAPMAN

ARGENTINA AND FOOD SUPPLY.

THE most interesting problem which the modern economist has to study is that of the food supply of Great Britain. The feeding of forty millions of people who produce for themselves a mere fraction of their requirements of food, without any conscious direction or manipulation in its accomplishment, is a phenomenon unique in history. Attention has of late been drawn to the subject from particular points of view by Mr. Chamberlain's proposals for preferential treatment of colonial produce, as well as by the appointment of a Royal Commission to consider our supplies in time of war; but the importance of the whole question is not realised to its full extent.

Many articles of general consumption, such as tea, coffee, sugar, rice, &c., are entirely foreign products, but we have always produced at home some proportion of our staple articles of food, namely, wheaten bread and fresh meat. The feature of recent conditions is that this proportion, in the case of the former, has rapidly diminished, until, in 1904, out of seven million tons of wheat consumed in this country, only one million was home-grown, while, as regards meat, little more than one-half of the total consumed in 1903 was from native cattle. It follows from these facts that the question of sources from which we obtain the necessaries of life is one of vital importance to the very existence of the nation itself.

The study of recent statistics and the consideration of the characteristics of various countries show that the past record and the potential capabilities of Argentina place her at the head of all countries which furnish food for Great Britain.

The importance of the Argentine Republic lies in the fact that she is not only one of our chief sources of wheat, but is also our largest producer of fresh meat, and in the following pages consideration must be taken of both these commodities. The trade in meat deserves first mention, for although bread is the most im-

portant article of food in our own land, the meat industry of Argentina is of older standing than the exportation of wheat, and to this day holds the premier position in the country.

Before going further it should be remembered that foot and mouth disease has frequently broken out in Argentina, and, as a consequence, the importation of live animals from that country is prohibited by the British Board of Agriculture, so that the method by which the North American meat trade is carried on is not available for the South American Republic. The Government of the latter country, recognising the great convenience of the British market, have made strenuous endeavours to get the prohibition removed, and succeeded in getting the embargo taken off for three months in the spring of 1903, during which time we imported 28,000 cattle and 83,000 sheep from Argentina. A renewed outbreak of the disease, however, caused the trade to be stopped, and in spite of the most rigorous measures to stamp out the disaffection, the South American Government has failed to obtain any further concession from Great Britain.

This episode is an illustration, on the one hand, of Argentina's desire to open up new trade with England, and, on the other, of her great capacity of rapidly building up a large traffic.

But though Argentina may not send us live cattle, the amount of frozen and chilled meat we receive from her is greater than that from any other source. The following figures show the quantities of fresh meat from various sources in 1904 :—

Argentina	...	...	155,000 tons.
United States of America	...	...	120,000 ,,
New Zealand	...	...	90,000 ,,
Continent of Europe	...	...	15,500 ,,
Australia	...	...	13,000 ,,

Thus, during the year we imported 393,500 tons, the figure for 1903 being 390,500 tons.

Considering these figures in greater detail, it will be found that New Zealand sends us more mutton than Argentina, the high-water mark being in 1903, when she sent us four and a half million carcasses of mutton, compared with three million from Argentina and half a million from Australia. These are very large quantities in themselves, but are especially noteworthy when it is remembered that the trade has only been in existence twenty years, for Australia started sending frozen mutton in 1880, New Zealand in 1882, and Argentina a year later. Up to 1903, eighty-five million carcasses have been received from these three

countries, of which Argentina has sent thirty million. The growth of their trade may be gauged from the fact that in 1883 17,000 carcasses of sheep were sent over, the number exceeding 100,000 in the following year. The export exceeded a million in 1889, two million in 1897, and three million in 1903.

As regards frozen and chilled beef there are only two important sources. The United States sends 55 per cent., and the Argentina 40 per cent. of our total imports, only 5 per cent. coming from other countries. Comparing these two chief sources, however, imports from the United States have remained stationary for the last seven years, whereas the Argentine trade has increased in the same period fourteen-fold. In 1903 the total from Argentina exceeded all the beef we had ever imported up to and including 1901 from that source, so that it can be seen that the trade which started in 1887 has grown very rapidly.

Such a development in trade has, of course, involved changes in methods of handling and treatment, which have become most effective and expeditious. Animals are sent by train from the prairie to Buenos Ayres, where they are received into one of the great freezing works, killed, cleaned and frozen at the rate of 400 an hour. There existed in 1903 fifty-six such establishments in different countries, capable of dealing with 180,000 animals a day. Of these, seven, with a killing capacity of 54,000, were in Argentina. Although the execution is rapid and painless, the slaughter of animals on such a vast scale is appalling to think of. One hundred and twenty-five animals killed every minute of the day and night! No doubt this total capacity is not all in use, but its existence is an earnest of the increase which is expected by those personally engaged in this branch of commerce.

Another accompaniment of this trade is the creation of a fleet of steamers fitted with cold storage rooms, many of which carry no other cargo. As a matter of fact, what is called chilled beef is not frozen, but kept at four degrees Fahr. above freezing-point; but even this, of course, requires special apparatus and cooling rooms. In 1903 there were 32 steamers thus equipped, with a capacity of one and a quarter million carcasses (56lb. each), trading to Argentina, and though there were a larger number going to Australasia, allowance must be made for the fact that nearly twice as many journeys may be made in a year to Argentina as to Australasia.

While wonderful progress has been made in the meat industry of Argentina, her wheat trade has grown with even greater rapidity. In 1884 the republic imported wheat for its own con-

sumption, whereas in 1904 it has become one of Great Britain's chief sources of supply.

The United Kingdom trade returns show five million quarters of wheat from Argentina in 1904 out of a total import of 28 millions, the figures for the three preceding years being, roughly, two, one, and three millions respectively; in fact, the growth of total imports in the last three years has been more than covered by the increase from that country. The importance of Argentina, however, as well as of other countries, has been entirely altered by the falling-off in the American supply. Four years ago the United States sent 66 per cent. of our total imports, whereas in 1904 her total was passed by three other countries.

The following are the quantities for 1904 :—

British India	...	...	5,940,000	quarters.
Russia	...	...	5,490,000	„
Argentina	...	...	5,000,000	„
United States of America			4,400,000	„
Australasia	...	...	2,400,000	„
Canada	...	...	1,450,000	„

Taking into account the home crop, which would appear in the above table between Argentina and the United States, we now have 80 per cent. of our total consumption divided fairly equally between five great countries, instead of getting more than half from one source, as we have done for some years past. Argentina is surpassed at present by British India and Russia, neither of them, be it noted, meat-producing countries, but reasons will be given later for considering the supply from the former more important than that from either of the other two. Indeed, if we take the population of various countries into account, we see at once that even in 1903 the inhabitants of Argentina were sending us more wheat *per head* than any other country.

So far, we have been speaking of Argentina's past achievements, and it has been shown that she is the chief source of fresh meat and is among the largest of our wheat producers. We have now to consider what are her future prospects, compared with those of other countries.

There are some serious disabilities to which the Republic is subject, which hinder her at present from making full use of her natural advantages. The political condition is not all that could be desired, though it is far better than twenty years ago. A more serious drawback is a faulty land system, under which the owners

provide and stock the farms of the tenants, receiving in return a percentage of the profits from the crop.

The system is open to the criticism that it either goes too far or does not go far enough. If the landlord retained complete control, the farmer being his employee, he would see to it that the work were done efficiently, and on sound principles, in order to make his profit a maximum. On the other hand, if the tenant had exclusive rights, he would probably display more zeal on his own behalf.

The best system, however, would not produce good results while the peasantry remain in their present condition of ignorance and apathy. The farmers, mostly poor Italian immigrants, take up on lease more land than they can manage with the labour at their command, namely, that of their own families, and treat it in a very casual way, often spoiling it for years to come; then they move on to repeat the same process elsewhere. The chief causes of the poor results obtained are as follows:—(1) rotation of crops is not understood and therefore not practised; (2) the farmers do not plough deeply, failing to realise the advantage that would result from the extra trouble; (3) seed for next year's sowing is carelessly selected, the very worst often being chosen, because it will not fetch a reasonable price at market.

Under such conditions it is not to be expected that good results will be obtained, but the Argentine Board of Agriculture is doing its best to dispel such ignorance by pamphlets, lectures and agricultural schools, and it is a hopeful prospect for Argentina that her chief difficulty is one which better communications and the progress of education will combine to remove.

We have to offset against these drawbacks the latent possibilities of growth and development of the Argentina industries. Señor Tidblom, Director of Agriculture and of the Bureau of Animal Industry of Argentina, recently stated "that there are more than 80,000,000 acres in the Republic that could be immediately devoted to successful wheat farming if we had the farmers to do it." As a matter of fact, the wheat area in 1904 was not much more than 10,000,000 acres. Another statement, perhaps hardly so trustworthy as the preceding, is to the effect that if one-half of the possible wheat area were to give a crop of merely ten bushels per acre, the total yield would be equal to a half of the estimated wheat crop of the world in 1894. Much of the possible wheat area, as well as of that now under cultivation, is composed of fine loose soil of volcanic or granite origin, with a good depth of permeable earth, usually free from stones; in many

parts also there are undulating plains which furnish as good drainage as can be found anywhere else in the world.

These wonderful resources are being developed and opened up by the building of railways, the directors of which are pursuing a liberal policy, their chief innovations being the introduction of the most modern methods of handling grain and of facilities for collection and quick delivery of produce. These railways, as well as the new grain elevators and cold storage warehouses, are using a great deal of British capital, and in many cases the management is in the hands of Englishmen. In the matter of agricultural machinery, America is taking the lead, for there is a growing demand in Argentina for the great combined reaping and stacking machines such as are used in the huge farms of the Western States.

In many of the undertakings by which the Government hope to improve the industry of Argentina, British capital has been used to such an extent that it forms a large proportion of our total loans to foreign Governments. The Inland Revenue Commissioners' Report shows that more than 50 per cent. of the total interest paid to this country by foreign Governments comes from America, of which Argentina pays about one-half (25 per cent. of the total). In proportion to population this is about ten times as much per head as is paid by our own dependency of India.

These facts go to show that the future development of Argentina will be very considerable, but this balance of advantage is the more striking when compared with the position of other countries.

The chief factor in our food supply has hitherto been the United States, but the figures given show that she has already been displaced. Moreover, her exports of food will hold a less prominent place in Great Britain's food supply every year for reasons connected with the internal conditions of the United States. In the first place, her population is rapidly increasing, from immigration and otherwise, and home consumption is growing *pari passu*. Secondly, her wheat area is nearly all taken up, so that her production cannot keep pace with her requirements. Again, trade in the Pacific is developing, and in the near future we may expect a growth of the industrial population on the Western coast, who will make a further demand on American produce.

The recent action of American millers as to rebates on Canadian grain points in the same direction. We must, in fact,

look forward to the time when the United States will cease to export food at all.

Canada and Australia are not yet able to fill the position which the United States has vacated, and the deficiency of the last few years has been made up not from our own colonies, but by India, Russia and Argentina. It is true that Australia is recovering from severe drought, and New Zealand supplies have, till 1904, been diverted to her, but the liability to the recurrence of dry seasons makes it unsafe to rely on Australia. The same difficulty applies to India, in which the lamentable frequency of desolating famines makes it uncertain whether she will have any surplus for export at all. The only countries which may be relied on to supply our growing needs are Russia and Argentina, and the additional fact of the meat trade makes the latter the more important.

Another consideration is that Argentina and Australia are the only sources in the Southern Hemisphere, their crops coming in to this country during February, March and April. When we consider the continuity of the British demand, the countries which send supplies during the period between the annual crops north of the equator become of special interest and importance.

Attention has of late been drawn to the question of supplies in time of war. Our great security lies in having a large number of sources, so that, if trade with any one is checked, others may make up the deficiency. But the different sources are not all equally important even from this point of view. Supplies from the colonies are liable to seizure as enemy's goods, for a war which threatened our commerce would presumably be against the whole Empire, and not Great Britain alone, whereas supplies from foreign countries, being neutral property, could not be so seized, and if carried by neutral ships they would be doubly secure. Hence our safest sources in time of war would be Russia, the United States and Argentina.

It has been shown that supply from the United States is not in a position to expand rapidly, while that from Russia, in the event of food being declared contraband of war, is especially liable to hostile interference on account of her geographical position. On the other hand, Argentina is so situated as to make any molestation of its commerce a matter of extreme difficulty, for the trade route to that country does not come within the sphere of activity of any of our possible foes.

To sum up, it has been shown not only that Argentina is at

present one of the chief of Great Britain's sources of food supply, but also that the latent resources and the physical conditions of that great country render it, on the one hand, a source on which we may with safety make great demands in the event of a naval war, and, on the other, a means of supplying to an increasing extent the growing requirements of our own population, at a time when home supplies and those from some other countries are decreasing.

WALTER T. LAYTON

REVIEWS

The Growth of English Industry and Commerce in Modern Times. Part I. The Mercantile System. Part II. "Laissez Faire." 2 vols. By W. CUNNINGHAM, D.D. (Cambridge : University Press.)

THIS new edition of the well-known standard treatise on economic history is so much enlarged, so altered in its arrangement of topics and its distribution of space, contains so many radical changes of opinion on questions of policy and interpretation, and finally is so great an improvement on the last edition that it is virtually a new book. It has been expanded into two volumes, which are perversely called "parts"; and the old, somewhat mechanical, division of successive chapters into sections with recurring headings, has yielded to a more systematic treatment, which appreciably increases the reader's satisfaction in perusing it. Dr. Cunningham calls attention in his preface to one or two of the more important changes of point of view which he has introduced—the most important of which seem to be a fuller appreciation of the economic value of Burleigh's statesmanship, an insistent depreciation of the work of Cromwell, which is novel at least, and an exaggerated estimate of the importance of the Restoration period, and of the wisdom of those who then directed the nation's affairs.

The two latter changes can hardly be regarded as for the better; and they afford a striking illustration of a fault which runs through the whole work, and in this edition is exaggerated, viz., a too obvious display of bias. It would be too much to say that Dr. Cunningham is determined the Whig dogs shall not have the best of it; but he certainly exhibits a chastened sorrow when the facts justify a verdict against them. The popular cause, or the opponent of the royal cause, is never given the benefit of the doubt, and the author seems inclined at times even to deny them

the benefit of the clergy. Compare, for instance, his treatment of Cromwell and his policy with the measure meted out to Charles II. If Cromwell's policy was successful, his share in it is minimised: if it was unsuccessful, he bears the full blame; whereas the cynical indifference of Charles II. is magnified into statesmanship, while there is attributed to him an insight into economic affairs due to his early exile in Holland. As Charles was only thirty years of age at the Restoration, he seems to have been remarkably precocious in more ways than are usually credited to him.

Some of the author's *obiter dicta* are open to the same objection. For instance, he repeats more than once that the traditional Whig policy is Protection and the Tory policy Free Trade; and suggests vaguely a modification of our "fiscal policy which shall bring it into accord with the fundamental economic views of each of the historic parties" (Vol. II., p. 871). In the oratory of Disraeli such a suggestion has its natural place; but in an economic history we look for more appreciation of political conditions. To ignore the Corn Laws, and the Repeal of the Corn Laws, and point back to the eighteenth century is not to contribute in any way to clear views regarding current controversies. Another instance must suffice. In the same postscript (II., p. 866), we are offered the very curious alternative in judging the career of Mr. Gladstone "whether he was the wisest of democratic leaders or the greatest of unconscious charlatans." By a rhetorical device, the decision is thrown on future ages; but the mere proposing of such an alternative is partisan and unhistorical, and should have no place in a work of the merit of this treatise. It is true that it occurs in the postscript, in which Dr. Cunningham naturally allows himself more freedom. Nevertheless, so obvious a display of party spirit is even there out of place, and tends to make the reader neglect some really valuable and illuminative writing regarding the economic and political differences between old nations and new.

In spite of these defects of historical temper, which every reader will estimate according to his personal standard, it is possible to speak in terms of almost unqualified praise of Dr. Cunningham's work as the standard English economic history. Hitherto we have lacked a satisfactory treatise covering the whole of the modern period; and only those who have endeavoured to direct the reading of economic students on the subject of the Industrial Revolution can adequately appreciate the debt we are under to the author. The second part, or volume, entitled

Laissez-faire, brings together the substance of many scattered volumes, which need now be used only for reference.

Unfortunately, Dr. Cunningham has conceived his task too narrowly. He gives the standard English economic history. What was wanted was a standard British economic history. To a Scottish or a colonial economist the work has an aspect of insularity. Ireland is adequately treated, but neither historian nor politician has ever been able to neglect Ireland's claim to recognition. The colonies during the seventeenth or colonising century, when the planting of new settlements was a standard form of English economic activity, receive at least their proper proportion of attention; but in the eighteenth century, the century of their own proper economic growth and development, they are neglected.

For the relative neglect of Scottish economic experience during the seventeenth and eighteenth centuries Dr. Cunningham has the excuse that he is following the example of Scottish historians. Most Scottish histories, except those of ecclesiastical affairs, stop short at the Jacobite rebellions, and ignore that remarkable industrial and social transformation which begins only after the middle of the eighteenth century. Even before the eighteenth century, Scottish experience is worthy of more attention than it receives. At the best it affords material to Dr. Cunningham for a curious illustration or an incidental footnote. But rightly viewed Scottish economic history, even in the seventeenth century before the Union of Parliaments, supplied the link or stage in British economic history which is often said to be lacking entirely, viz., the interprovincial stage, midway between the intermunicipal and the international.

The history of the industrial and agrarian revolution cannot afford to neglect the marvellous transformation of Scotland in the eighteenth century. At the beginning of the century we have a land so overrun by beggars that the patriot Fletcher of Saltoun saw no remedy but slavery, a slovenly agriculture, a lazy and shiftless population, a trade and industry, in such tiny volume as it was, hampered by mediæval restrictions, with no capital, no roads, no shipping. Yet in the course of the eighteenth century it became the model farming community, the home of the great tobacco lords, and the seat of a manufacturing and mining industry, so extensive that Scotland, from being the poorest, became one of the richest countries in Europe, with a splendid banking system, an energetic people, and a resistless spirit of economic enterprise. The causes of such a change are surely worthy of

more attention than Dr. Cunningham, or any other historian, has yet given them, although the story of the agrarian revolution has been in part told by the late Duke of Argyll, in his *Scotland as it Was and Is*.

A fuller reference to Scottish economic history would probably also have made the author hesitate before adopting his depreciatory attitude towards Cromwell, and have induced him to modify his praise of the Imperial enlightenment of the Restoration statesmen. From a national point of view, the great desideratum of seventeenth century politics was that complete union for which the Union of Crowns in 1603 opened up the way. James VI. and I. never lost sight of this ideal; but England was not prepared to grant that free trade on which the Scots insisted, and in securing which they were ultimately, at the Union in 1707, successful. Even in the crisis of ecclesiastical politics, this object was never forgotten. The Covenanting armies demanded it; and James II. offered it as a bribe. Cromwell alone was statesman enough to grant it; and, in consequence, had the support of the Scottish burghs. At the Restoration this boon was withdrawn, and Scotland was thrown back into the welter of ecclesiastical politics, where alone the national genius could find outlet. And the restriction was wantonly reimposed to gratify Clarendon's personal spite against Lauderdale, who had tricked him in a minor matter of statecraft. Yet Clarendon was probably the best and most enlightened of the Restoration statesmen!

In this instance, Cromwell was undoubtedly the far-seeing statesman, and the advisers of Charles II. mere bungling intriguers; and the same disastrous beginning was made in colonial affairs. Whosoever the credit of the Navigation Act of 1651—and Dr. Cunningham denies that credit to Cromwell except by implication when showing that the Act was ineffective—the Act was an Imperial measure compared to the Acts of 1660 and 1663. These treated colonial shipping as not British, while the earlier Act had opened to colonial ships the benefits the legislators hoped to secure. In general, we may say of the colonial policy of the Restoration period that the colonies benefited much less by what was done than by what was left undone. As in the eighteenth century, the colonies were, on the whole, treated with salutary neglect, and flourished exceedingly. The Whigs of the eighteenth century passed much colonial legislation, and no doubt intended a large measure of interference and restriction; but the distance of the colonies was such that their interests were never really prejudiced. Dr. Cunningham, looking to the evidence of

the Statute Book, blames the principles of the Revolution of 1688, which substituted a parliamentary for a royal supremacy; and, probably following Lecky, who labours this argument, attaches too much importance to the Revolution as a factor in colonial policy. The Revolution coincided with a change of administrative point of view. Proprietary government had broken down, even in the later days of the Restoration period; and a centralised policy was the inevitable result. The Revolution was not the cause of this new policy, although it is quite possible that the Revolution parliaments would have looked coldly on proprietary government of the colonies. Proprietary administration was naturally, as regards trade, much less given to restriction than any centralised administration was likely to be, whether a royal council of trade, a parliamentary committee, or a colonial minister. Eighteenth century colonial administration differed from that of the Restoration period only because conditions had changed, not because a new spirit was introduced.

It is, however, a common fault in a reviewer to complain that a book is not what the author never intended it should be. Dr. Cunningham set out to write the History of English Industry and Commerce, and he has achieved a remarkable success after long effort. But the book is so good that one may be pardoned for pointing out that it will not be complete till it becomes a history of British Industry, in which the eighteenth century colonies and Scotland have their proper place.

JOHN DAVIDSON

The Present Position of the Doctrine of Free Trade. By FRANK W. TAUSSIG. (Reprinted from Proceedings of American Economic Association, 1904.)

PROFESSOR TAUSSIG'S Presidential Address to the American Economic Association is worthy of the occasion, the subject, and the man. He begins by remarking on the changed prospects of Free Trade since 1860. Country after country has joined the Protectionist ranks. Even Holland levies duties which are inconsistent with a strict adherence to Free Trade. Reviewing the arguments which are commonest in popular discussion, Professor Taussig says: "I confess to a sense of humiliation when our leading statesmen turn to reasoning easy of refutation by every youth who has had decent instruction in elementary economics." "The common talk about the sacredness of Protection as a means of lifting up the working man is mere claptrap." No doubt the

maintenance of high wages in certain industries depends on Protection. "Free Traders do not squarely face the difficulties of a transition to their system."

Going on to more difficult matters, Professor Taussig considers together the arguments against dumping and those in favour of protecting agricultural products against the competition of other countries. The objection to dumping turns on its temporary character. If it goes on indefinitely, where is the harm? A case in point is that of the bounties which caused continental sugar to be dumped on Great Britain. "It is in their probably temporary character that the sober economist finds justification for the policy that led to the abolition" of these bounties. There is tenable ground for arguing that Great Britain, in causing them to be stamped out, acted in the permanent interests of her own industrial organisation. By a parity of reasoning in the case of agriculture, if it were clear that the supply of cheap food from America would cease to be available in ten or twenty years, Europe might have good grounds for resisting this "invasion." But "to attempt to make provision for such an indefinite future is at the least very doubtful policy."

Turning to the argument for the protection of infant industries, Professor Taussig observes that it is less connected with theory than other parts of the controversy. The problem offers an especial field for the inductive and historical method. But experience, when consulted, gives an ambiguous answer. There is good ground for believing that the protective system in France during the first half of the nineteenth century had bad results. On the other hand, says Professor Taussig, "some researches of my own have led me to believe that on the whole the first growth of manufactures in this country, in the early years of the nineteenth century, was advantageously promoted by restrictions on competing imports." Some of these researches, we may remind the reader, are given in Professor Taussig's candid history of the American tariff. But if such Protection is not proved to be useless, it is certainly not indispensable. In the Southern States the cotton manufacture has grown up unprotected in the face of the established industry of New England. The growth of manufactures in the Central States under a *régime* of complete trade is even more instructive.

In this connection the author records his impression that the effects of tariff legislation are commonly much exaggerated. There are so many other factors: in particular, the political position of a country, and even, we read with interest, martial suc-

cess. As Professor Taussig in a remarkable passage explains : "No one is more opposed than I am to all that goes with war and militarism. It is with reluctance that I bring myself to admit that the same spirit which leads to success in war may also lead to success in the arts of peace ;" for example, in the case of Germany, "a spirit of conquest in all directions through the people, bred, or at least nurtured, by the great military conquest of the Franco-German War."

Notwithstanding—as some would say, but, as it appears to us, quite consistently with—all these admissions, Professor Taussig adheres firmly to the principle of Free Trade. He has no sympathy for the "pseudo-judicial attitude" of those who are for judging each particular case on its merits, without any presumption in favour of Free Trade rather than Protection. Such writers are justly suspected of "inability or unwillingness to follow the threads of intricate reasoning." This rejection of general principle is the less excusable in the case of international trade, as that theory has received and required little modification. "The edifice of which the foundation was laid by Adam Smith and his contemporaries, and which was further built up by Ricardo, Senior, and the younger Mill, remains substantially as it was put together by these ancient worthies." . . . "That theory in its essentials holds its own without a serious rival." The application is doubtless not so easy and simple as was thought by the economists of half a century ago. But "the fundamental principle of Free Trade has been little shaken."

F. Y. EDGEWORTH

Infantile Mortality and Infants' Milk Depôts. By G. F. McCLEARY, M.D. (London : P. S. King, 6s.)

DR. McCLEARY'S small volume of 130 clearly printed pages contains a surprising amount of valuable information in a small space, and forms a very useful *aperçu* of a complex and difficult subject. The first chapter is devoted to the decline of the birth-rate, and the diminution of early marriage, which are exhibited in some admirably clear and simple tables. The second shows the statistics of deaths of infants, taken generally, and subdivided under heads, which serve to bring out the author's main thesis, viz., the need and importance of pure food for infants.

These introductory chapters are so excellently done that we feel inclined to regret that Dr. McCleary should not have seen his way

to extend the scope of his work and include statistics of the local distribution of infant mortality, and the conditions of women's life and work in the areas where specially high rates prevail, not forgetting the employment of young girls. The high infant mortality of Lancashire, for instance, as Miss Anderson suggests in the Report on Physical Deterioration, is probably connected, not only with a high percentage of married women occupied, but with the high percentage of girls in their teens who for generations have worked in the mills, and for the long hours customary in the cotton trade. Dr. McCleary's present work is mainly concerned with the practical question of infant feeding. There seems to be no reasonable doubt that diseases of nutrition carry off a much larger percentage of infants than formerly, and thus, unfortunately, entirely counter-balance the diminished mortality from certain other diseases. The infant death-rate, instead of having fallen with the improvement of health-conditions generally, has fluctuated considerably from year to year, but over longer periods has remained nearly stationary. The increased rate of mortality from diarrhoeal diseases is mainly due, of course, to the increasing number of infants who, for various reasons, are denied their natural food, and Dr. McCleary's view is here decidedly pessimistic, for he evidently believes that artificial feeding is induced, not only by social and economic conditions, but by increasing physical incapacity on the mother's part (p. 39). Artificial feeding of young infants being admittedly a difficult and delicate problem, requiring scientific knowledge or, at the least, implicit obedience to carefully given rules, it is not perhaps surprising that many of our untaught girls who enter the factory in childhood and work full time after fourteen, do not make competent mothers, and, even when they have sufficient intelligence to avoid the barbarity of giving infants promiscuous samples of the family diet (a practice known to be not uncommon in poor districts), have neither means nor skill to obtain pure milk, or to prepare an infant's food of the proper ingredients, properly combined. The main part of Dr. McCleary's book is devoted to describing various plans which have been adopted on the Continent and at home for the supply of humanised milk. In France there are organisations known as "Consultations de Nourrissons." Some of these are attached to maternity hospitals. The children born in the hospital are kept under regular medical supervision for the first two years, and every effort is made to encourage the mothers to nurse their infants, but where this is impossible the children are fed on sterilised milk supplied by the

hospital. In some cases money or other gifts are distributed as rewards to women who have satisfactorily nursed their infants for a certain period. The "Goutte de Lait" is an offshoot of the "Consultation de Nourrissons," and is the precursor of our own Infants' Milk Depôts. These institutions are practically milk dispensaries, from which infants are fed, under medical supervision, upon sterilised milk supplied at the institution. Depôts have been opened by the municipalities of St. Helens, Liverpool, Ashton-under-Lyne, Dukinfield, Leith and Bradford, Burnley, Glasgow, and Dundee, and in the metropolitan boroughs of Battersea and Finsbury. The working of the Battersea depôt, which has been mainly organised by the author of the volume, the methods there adopted for control of sources of supply, storing, preparation, bottling, and distribution of milk, are described in some detail, and the cost of these measures is summarised in an appendix (p. 129). Whatever may be our views of the ideal line of demarcation between the duties of the parent and those of the State, there can be little question that the present calamitous waste of infant life through improper feeding and contaminated milk should by some means or other be checked, and it seems likely enough that where the aid granted by the municipality is accompanied by the kindly supervision and instruction of lady inspectors, in the long run the result may be rather to increase than to lessen the responsibility and self-reliance of parents, and that, to quote the author's words, "the milk depôt is itself an important educational influence." All who are interested in the subject, whatever their point of view, will appreciate the usefulness of Dr. McCleary's facts and figures.

B. L. HUTCHINS

The Records of a Scottish Cloth Manufactory at New Mills, Had-dingtonshire, 1681-1703. Edited by W. R. SCOTT, Lecturer in Political Economy, University of St. Andrews. (Scottish History Society, 1905.)

THE value of a publication like this (except for the expert, and he is always wise to go direct to the word and the testimony of the MS.) depends upon the work of the editor. For the general reader and for the historian who is not also an authority upon the theory and history of economics, such records as these may, in themselves, be a dangerous weapon. It is so easy to derive the wrong inferences from more or less incidental *data* of this kind, and it is often so difficult to find the right ones.

Limits of space prevented Mr. Scott from printing the whole of his MS. material, but he has fully realised his responsibilities as an editor, and has given us an introduction of ninety pages which will rank as a contribution of first importance to an untouched field of Scottish history. He divides his introduction into five parts, of which three deal directly with the New Mills Company and with the MS. Mr. Scott has treated his materials in workmanlike fashion, and we have no doubt that he has decided wisely in preferring to omit inventories which might easily be misleading, and at the best are not very illuminating, rather than to offer only selections from the minutes. His principle that "the worst method of excision is for an editor to exclude what he thought of little interest" is very vaguely expressed, and, as far as we understand it, we do not agree with it, but we have nothing but admiration for his practice. The second and third sections of the introduction, on the history of the cloth trade in Scotland during the seventeenth century, and on the influence of the New Mills Company upon the industrial revival which marked the penultimate years of the century, form, along with the admirable exposition of the exchange problem in the first section, treasure trove for the student of Scottish history. The question of the foreign exchange with Scotland at this date is brought considerably nearer solution by the ingenious use which Mr. Scott has made of his material, and he promises to follow up this difficult and important subject in a subsequent work. The survey of trading conditions is valuable as throwing light upon the effect of the "Troubles in Scotland" upon the commercial life of the nation, and on the comparative uselessness of the Personal Union of the two kingdoms from this point of view. It is interesting to find that, while the Civil War was at its height, measures were passed which led to the establishment of three important centres of the cloth-working industry—at Bonnington, New Mills, and Ayr. Of these three, Bonnington alone seems to have stood the strain of the commotions of the period, and it had a much older connection with weaving. New Mills seems to have been ruined by the loss of cloth which occurred after Murk's sack of Dundee in 1651; it was certainly extinct long before the new Joint Stock Company was established in 1685. Mr. Scott says: "There is no information as to the success of the undertaking at Ayr," but the lack of information is in itself evidence, and the account of Ayr in the Report upon the Burghs presented to the Convention of Royal Burghs in 1692 is far from indicating the existence of any flourishing industry there.

Various points of importance occur incidentally in Mr. Scott's learned introduction (*e.g.*, the difference between an Incorporation in England and in Scotland), and on each as it arises Mr. Scott has something fresh to say. We hope he will continue to labour in this field in which he is already so accomplished a worker, and that we may look, in due course, for a history of commerce and industry in Scotland from so able a pen.

ROBERT S. RAIT

The Lancashire Cotton Industry. A Study in Economic Development. By SYDNEY J. CHAPMAN, M.A., Stanley Jevons Professor of Political Economy and Dean of the Faculty of Commerce in the University of Manchester. (Manchester: The University Press, 1904. Pp. vii. 309, 8vo, 7s. 6d. net.)

THIS is the first volume of the "Economic Series" of the *Publications of the University of Manchester*, and the subject is, of course, specially appropriate to an introductory volume representing the newly-established Faculty of Commerce in that University. Professor Chapman does not pretend that it is exhaustive as a history, or even as an account of the great industry of Lancashire. As a rule he has "omitted events which do not bear closely on the industry's internal development." Really external events have very largely influenced the industry in particular directions. The work has to some extent suffered as a consequence of portions of it having originally appeared as separate papers. Mr. Chapman's divisions are, however, after all, somewhat convenient; the headings of the chapters give a fairly complete summary of a treatise which the author modestly describes as being, fundamentally, "notes for an industrial morphology."

As the title of his book indeed suggests, the author has dealt rather with the industrial than the commercial side of the cotton industry. The chief value of the treatise will be found in its account of the development of happier relations between employers and employed than existed in former times. Mr. Chapman has collected some very interesting matter in his sketch of the early history and forms of the industry, which he considers to have been firmly established in Lancashire by the middle of the seventeenth century. In the following century at least 30,000 people were engaged in the cotton manufacture in and around Manchester, the raw material being obtained largely from the West Indies. But the development of the business was really due primarily to the Manchester merchant as distinct from the producer, the

merchants then, as now, to a large extent obtaining the cloth in the grey state and arranging for the dyeing, bleaching, finishing, and eventually, printing operations. Mr. Chapman tells us that it was not the Manchester business men who founded the foreign trade in English cotton goods, but the London merchants. There is, however, plenty of private and biographical evidence that, at least during the latter part of the eighteenth century, both Manchester and Liverpool merchants were interested in the direct trade in cotton goods to foreign markets; and, as Mr. Chapman himself points out, there was a marked tendency for foreign merchants to settle in Manchester. The foreign element in Manchester has ever since been important. It cannot be doubted that growing demand stimulated the mechanical improvements which led to the evolution of the factory system. The adage that necessity is the mother of invention is peculiarly applicable to the Lancashire cotton industry. Even in quite recent years improvements in machinery have been, so to speak, forced on the industry by outside historical events, such as the American Civil War and the Franco-Prussian War. The former resulted in a great stimulus being given to the cultivation of cotton in India, and the latter led to the great fall of gold prices consequent on the demonetisation of silver. Both combined to produce the coarse-yarn spinning and weaving mills of India and the Further East, the competition of which compelled Lancashire to produce a continually finer average of counts of yarns and cloths. One result of the development of the factory system was the divorce of the cotton industry from agriculture, and, eventually, the migration of agricultural labour to the towns. We may attribute to the heavy sizing of warps induced by the use of short-stapled Indian cotton known as "Surats," and the increase of steaming in weaving sheds—both consequences of the American Civil War—a renewed impulse to factory legislation for the protection of the operatives. This was stimulated by the increased use of size, not merely to facilitate the weaving of short-stapled cotton, but as a distinctly fraudulent adulterant to evade the losses caused by the fall of the rates of exchange in silver-using countries, and the consequent lowering of gold prices in the Lancashire supply market.

Professor Chapman has an interesting reference to the tendency of country gentlemen to bind their sons as apprentices to the Lancashire cotton industry and trade, as far back as the reign of George I.—that is before 1727. Such a tendency implied the introduction of new capital and, we may well suppose, higher

culture than that of the "self-made" man. We must assume, however, that such new arrivals rather tended to engage in the mercantile part of the trade than in manufacturing, though apprenticeship to the producers would give a useful foundation of technical knowledge. It is possible that they may, as merchants, have introduced the system of financing the actual manufacturer whose goods were sold through their agency. Successive generations of the junior sons of the Philips's, an old Staffordshire family who were lords of the manor of Upper Teyne, Nether Teyne, and Checkley, began to settle as merchants and manufacturers in Manchester—where their descendants still carry on a great business—some time before 1729. Here, again, there is apparently evidence of improvements in the methods of production in response to mercantile demand. It is interesting to recall the fact that it was in 1787 that the Rev. Edmund Cartwright, by the production of the power-loom as a means of adding to the rapidity of weaving, so as to overtake the increasing output of yarn, attained to the solution of a problem which, as Mr. Chapman points out, was the reverse of that of earlier years, when improved methods of spinning "had been needful to relieve the pressure exerted by weavers on those who slowly drew weft from the one-spindle wheel."

Philanthropy—as an outside thing—must always be recognised as an important factor in promoting the progress and development of the cotton industry. There was a good deal of short-sighted selfishness in the internal influences of the industry. The smashing of machinery, for instance, in which, to some extent, employers encouraged operatives, was due not only to the latter's apprehension of reduced employment and wages, but to the actual position of the owners of machinery likely to be rendered antiquated by the competition of the new mechanical devices. The earliest attempts to construct the self-acting mule aimed at the increased employment of children. The ultimate effect of the invention of Richard Roberts, who took out his first patent for an automatic mule in 1825, according to Mr. Chapman, but completed his invention, according to Sir William H. Bailey, in 1834, was that one man began to manage two mules and the mules became longer. It has been a complaint against machinery that it must result in the reduction of the operative himself from an intelligent being to a mere machine. But, as Mr. Chapman remarks, many of the hand processes displaced by machinery were, on the whole, mechanical in character. By not only shortening the hours of labour, but by diminishing physical fatigue, improved machinery

has given labour at least the opportunity for intellectual cultivation, and the more automatic the machinery, the more exacting is the call on the intelligence of the workman, the machines being more complicated, delicate, and expensive. The philanthropic factor in the progress of the cotton industry came into play chiefly in relation to the employment of children, "young persons," and child-bearing women, the sanitation of mills, and the interests of morality. Philanthropy has unquestionably been one of the main forces in promoting development. But such philanthropy has been due rather to outside public opinion than to internal forces, employers and employed having, quite notoriously, opposed reforms which proved, in the long run, fundamentally beneficial to both classes. Indeed, looking back, one is most surprised at the shortsightedness of practical authorities at the time. It was fortunate, not only for the children, but for Lancashire's great industry and trade, that there were writers like Lord Shaftesbury, Elizabeth Barrett Browning, and the author of *Sybil*. The development of the industry itself has promoted that tendency to friendliness between capital and labour which has been a marked feature of recent years. Strikes have always inflicted more or less intense misery on the labourers and their families; and the increasing complexity and delicacy of the machinery makes it always a very nice question with the millowner whether he will lose most by stopping his machinery or by selling his production at less than it has cost. Stopping, in any case, means considerable deterioration of the machinery, apart from the loss of interest on borrowed capital, now largely employed in the cotton industry. Hence the mutual tendency to compromise. The so-called Brooklands Agreement is a result of this tendency to recognise the common interests of both employers and employed. By preventing frequent and considerable variations in wages, it produces the great economic advantage of stability.

Mr. Chapman devotes his book mainly to the industrial or productive conditions of the cotton trade, but he has a chapter dealing with the marketing of both the raw material and the partly finished or wholly finished products of the industry. While quoting statistics to show the increase in the direct importation of cotton at Manchester since the opening of the Manchester Ship Canal, he is, nevertheless, not blind to the economic forces which operate to maintain Liverpool as the chief cotton market. Persons of long experience in the cotton trade have always held that the development of business in "futures" has been a result of the increasing necessity for insurance against the increasing variations

in the relative prices of raw cotton, yarns, and cloth due, in the first instance, to the sudden and often ruinous variations in the monetary exchanges following the German currency reform. Another stimulus has been the development of the mercantile system of making contracts for regular deliveries of goods for long periods ahead. Space will not permit me to follow Mr. Chapman through the various ingenious considerations which he puts forward in regard to the methods of buying the raw material and selling the yarns and goods; it is sufficient to indicate that he recognises that such a high stage of specialisation in the organisation of marketing, as is presented by the cotton industry and trade, is dependent on the peculiar conditions of the industry and the county. He is to be congratulated on the production of an interesting volume. I may, however, also express the opinion that the book will be useful rather to the political economist than to the technical student.

F. J. FARADAY

The Elements of Railway Economics. By W. M. ACWORTH, M.A. Oxon. (Oxford : Clarendon Press. Pp. 159. Price 2s.)

THE long delayed appearance of a text-book on Railway Economics and the consequent difficulties of the author as a lecturer in that subject in one of the schools of London University are stated in the preface to be responsible for the production of this book. It is impossible for the reader to regret the circumstances of which Mr. Acworth deploras himself the victim. The undoubted academic inconvenience of that delay has now met with ample compensation in that the momentous task of breaking ground has been left to one so gifted for the operation.

What are Railway Economics? asks the uninitiated, and, granted that it consists of the practical application to railway administration of the relevant principles of political science and political economy, what are the subject-matters of the science? By a leading economist in the United States, where the science is in process of most rapid development, it has been defined as "the economic principles applicable to the projection, location, construction, operation, and administration of railroads"; but such definition is defective as omitting the question of State "interference" or control. On this point we should like the author's future guidance in the more compendious treatise promised in the preface. The subject of the present "incomplete fragment," he states, is "the consideration of railways and railway business from

the economic point of view," in other words, Railway Capital Expenditure and Income.

Three far-reaching characteristics, Mr. Acworth states in the introduction, distinguish a railway from other agencies of transport. It is, he impresses on the reader, an organism (1) carrying traffic for hire, (2) in its own rolling stock, (3) over its own road, and these several functions serve to differentiate the theoretically distinct but component parts of a railway rate. In the spirit of appreciative expectation with which, as we reach the final page, we find ourselves imbued by the remembrance of the prefatory announcement of a further book, we would venture to suggest, by way of introduction to the "complete work," that the author might with universal approbation undertake the bridging of the gap which in literature exists between pure political economy and railway economics. Evolved from the experience and research of Mr. Acworth, an exposition of the peculiar functions of transport and more especially of railway facilities in relation to the production, consumption, exchange, and distribution of wealth, the division of labour and localisation of industry, the social, political, and industrial effects directly attributable to the provision of such facilities, and the natural laws applying thereto, would be welcomed in this and other countries by students and thoughtful business men. And so many fallacious conceptions of expediency in railway policy are rife and based on failure to appreciate the inherent peculiarities of railway as compared with other business, that we would fain hope Mr. Acworth may further include in such introduction the consideration of questions of railway competition, consolidation, monopoly, and the like with special relation to English conditions.

Railway Capital Mr. Acworth classifies as Expenditure on Railway and on Rolling Stock, distinguishing it from similar expenditure in other industries, with an explanation of the nature of the constituent integral items. Invested in the hope of obtaining adequately remunerative traffic, seldom fully employed, receiving diminishing returns on each extension of system, more or less incapable of diversion to other businesses, bearing for many reasons with varying rate of incidence on each unit of traffic—such are, he mentions, some of the characteristics of railway-invested capital, and of paramount importance are the lessons which he is successful in deducing.

Capital outlay, the author states, from the nature of the case "represents money sunk once for all and irrecoverable." This being indisputably the fact, and rendering "every defect in align-

ment or item of unnecessary expenditure," in the words of a great American railroad president which we would like to quote, a "mortgage debt in perpetuity charged upon the earnings of the undertaking," we would, with the excellence of treatment of the subjects of the present book as our excuse, suggest the exposition in the completed work of the economic principles applicable, in aptly expressive American railway parlance, to the "location," and also to the construction of a railway. For on such matters we are inclined to think, reading between the lines, the author has definite opinions.

Next, under Railway Expenditure, Mr. Acworth criticises with expert intimacy the various items classified thereunder in English railway accounts. As may be expected for purposes of scientific teaching, he finds it necessary to recast them under the four natural and more logical heads of—(1) General Charges, (2) Maintenance of Ways and Works, (3) Maintenance of Rolling Stock, and (4) Traffic Charges—the form of railway accounts so frequently found, if indeed not by statute prescribed, in many foreign countries. And, what is so important for students and those investigating railway operations to appreciate, he indicates the relation between the first main item and the amount of business done, the extent to which the second is affected respectively by process of natural decay and the volume of traffic handled, the effect on the third of time, movement, loading and other factors, and the causes influencing the fourth. But, as he emphasises in the case of railway capital, and as it is essential to recognise in considering the basis of railway rates, the bulk of railway expenditure is incurred on behalf of traffic as a whole, only the merest fraction of particular expenses can be allocated to any given class of traffic, so that while increase of traffic involves increased expenditure, it is by no means in direct proportion, some items of expenditure hardly increasing at all, approximately half of the total expenses of a railway being fixed and half varying with the traffic. Here we notice an obvious misprint, the + sign on page 50, line 16, being obviously \times .

By way of leading up to the discussion of Railway Income, the author next narrates the salient features of its historical development, and then proceeds to describe impracticable means of charging that have been or are adopted or proposed, and finally explains what is the sound and economic basis of railway rates. Rates based on "cost of service" are impracticable and inexpedient for cost of service, for any item of traffic is, firstly, unascertainable, and secondly, if adopted as a basis, is directly

calculated to restrict the movement of low-priced commodities. "Equal Mileage" rates are for the same reasons and to an almost greater degree objectionable. Those who have studied German railway history will agree. Uniform Rates or Fares on a "Postal Rates" basis are equally impracticable. In the case of letters such a system of charging is only practicable because the cost of conveyance is but a small proportion of the total cost of transmission and the individual amount involved in each case is small. Rates therefore, he contends, must be, in practice, inevitably based on charging "what the traffic will bear," "a principle not of extortion but of equitable concession to the weaker members of the community," and directly tending to facilitate movement of cheap traffic and promote the mutual welfare of the railways and the public. The basis of the charge, he it noted, is not the cost of carriage, but the value of the service, and implies endeavour on the part of a railway manager to get all possible traffic at a rate not above that which prevents movement of the cheapest commodities, but sufficient to furnish something in excess of the actual cost of hauling and handling such commodities to meet current general and maintenance expenditure.

Into the consideration of many economic principles applicable to the development of traffic the author has not entered, doubtless from want of space. We think, having regard to the scheme of the book, that he has acted judiciously in the present instance in mainly confining himself to an elucidation of what, in our opinion, is the most potent factor in the development of goods traffic, the framing of an equitable tariff. The volume of railway traffic in general is theoretically affected by three possible factors of service:—(1) the time, (2) the cost, and (3) the convenience of journey, the latter including proximity, frequency of service, and things not included in (1) and (2). In the case of passenger traffic, the individual effect of these respective factors is frequently exemplified. But with goods traffic things are different. It would seem as if the duration of the transporting process is comparatively unimportant, that "convenience" is resolved into more or less carting, involving more or less cost, and that therefore, as we say, the main effective factor in the development of goods traffic is cost of transport and equitableness of tariff. But in the completed book we would plead for the publication of the author's views on the other economic principles affecting railway income, be they those relative to general development of traffic or reduction of working expenses.

The method of classification affords the main machinery by

which the principle of charging what the traffic will bear is carried into execution, and with that and also the question of the Parliamentary settlement of English railway rates Mr. Acworth deals at considerable length, and his treatment of the subject is novel and interesting. In responsible circles there is considerable confusion as to the principle—we would rather say the want of principle—that has characterised, and certainly as to the rules which should govern, the action of Parliament in relation to the burning question of railway rates and charges. The grounds on which the State is entitled so to interfere Mr. Acworth does not discuss, but our hopes in this respect lie with the future.

We cannot conclude without congratulating Mr. Acworth on the notable success of his little book, which constitutes in crisp and lucid language a well-reasoned and scientifically-arranged epitome of the leading economic principles that apply to the administration of undertakings on which perhaps more than any other the well-being, if not the existence, of the whole community depends.

LYNDEN MACASSEY

A Corner in Gold and Our Money Laws. (London: P. S. King and Son. 200 pp.)

MANY writers appear to think that they can write about money without having taken the trouble to make a serious study of the economics of the questions involved. Certainly in this instance the author, whose name is luckily not given, does not understand the subject with which he deals. Not only has he very confused notions as to the meaning of value and as to the laws governing it, but he is equally unhappy in his treatment of practical questions. For example, he tells us as to the Act of 1844 that, although by it all debts are made payable in gold, it is a singular anomaly that it contains "no clause or condition for providing the money or the metal to meet the obligation" thus created (p. 10). Happy the legislator who could invent such a clause! Again, in another place, he states that, in the crisis of 1896, gold was at £3 18s. the ounce, and that "at this rate an outlay of £20,000 would have sufficed to replace the gold," and thus to have stopped the crisis (p. 87).

LEONARD DARWIN

University of Toronto Studies. History and Economics. The University Library, Published by the Librarian. Pp. 70. (Vol. ii. No. 2. 1903.)

THE subject treated in the three divisions of this publication is municipal life in the province of Ontario, that is, among a population mainly British. Professor Shortt contributes the first article, an historical study of the struggle for municipal autonomy. In some of its characteristics this struggle was not unlike what has occurred elsewhere. At the end of the eighteenth century the municipal affairs of the province were controlled by the Courts of Quarter Sessions. From 1792, when a modest Bill, granting power to town meetings "to appoint divers parish officers," was rejected by the House of Assembly of Upper Canada, to the incorporation of the "President and Board of Police of the Town of Brockville" in 1832, we have outlined for us a persistent struggle for self-government in local affairs, met by resistance from the aristocratic element, which then controlled everything. The success of Brockville marked a new phase in the struggle, and from that time onward the granting of powers for self-government, limited and restricted in regard to the matters entrusted to local control and the funds available for supporting the administration, continued. In 1841, the District Municipal Act conferred general powers of incorporation and created a system of self-government in the rural districts generally, though leaving considerable regulative power in the hands of the provincial government. The Baldwin Act of 1849 finally placed local administration on that basis of autonomy on which it now rests. With a sketch of the different kinds of municipalities created by this Act, Professor Shortt's article ends.

Mr. McKay, editor of the *Municipal World*, follows with a sketch of Municipal Organisation in Ontario. He describes the existing condition of affairs, giving needful statistics, and stating the limitations of the franchise in, and the mode of organisation of, the different orders of municipalities, the townships, the villages, the towns, and the cities. The county and other officers, their duties and remuneration, are detailed; the provision for road-making and maintenance, and the organisation of education among other matters receiving particular attention. The County Councils Act of 1895 is discussed, and the reforms which are still needed in Ontario municipal institutions, in the opinion of the author, are briefly set forth and defended. The election of members of councils for a term longer than one year is the

first ; an improved audit of accounts the second ; a provincial Local Government Board the third. A bibliography relating to Canadian Municipal Government, containing some 170 entries, forms a useful supplement to these two articles, and makes the publication as a whole a most valuable aid to the study of Canadian municipal affairs, so far as Ontario is concerned. Similar studies, relating to Quebec and the Maritime Provinces, at any rate, in so far as their development has not been like that of Ontario, are suggested as even more desirable now than before these monographs relating to Ontario had appeared.

A. W. FLUX

The Principles of Economics. By FRANK A. FETTER, Ph.D.
(New York : The Century Co., 1904.)

It is not altogether easy to classify this work. Certainly it will be read with pleasure, almost certainly with profit, by all those who have some knowledge of economics. Its tendency is foreshadowed in the definitions of the subject : " Economics may be defined briefly as the study of men earning a living." So we read in the first sentence, and in the last, " Economics must be looked upon as the study of the forces in human nature as much as of the material resources of the world." And so we have here the musings of an honest soul. To keep a *juste milieu*, to avoid exaggeration and overstatement, to hit the mean, is the aim of the writer throughout. Thus we read : " Entire freedom of choice means freedom to make mistakes, a privilege whose enjoyment society cannot always permit." " More and more it is being recognised that though the trust has in it something of evil, it has as well something of good, and certainly much of the inevitable." There is a touch of Sir Roger de Coverley in all this. Again, the moral element looms large. Much is left for its ultimate decision to the " social conscience," to the foresight and integrity of the citizen, in the limiting, *e.g.*, of competition and monopoly, in the adjusting of taxation. Throughout we are constantly met by phrases which stick in the memory. " Men carry more of the wood, but women not less of the worries " ; " Society cannot by any amount of tugging and pulling on legislative footstraps lift itself above its own moral plane " ; " the adventurer may stumble upon a gold mine, but if he stays at home it is more likely, according to the theory of chances, that he will stumble over an ash-heap." The writer's definitions do not greatly attract us ; they are somewhat woolly, *e.g.*, " Utility, in its

broadest usage, is the general capability that things have of ministering to human well-being"; "goods consist of all those things objective to the user which have a beneficial relation to human wants." We shudder a little at the word "enterpriser," and there is a certain "psychic income," which plays a large but not very illuminative part in the statement of theory. On the other hand, the writer is never more happy than in his exposition of the historical origin of modern facts such as wages, the Post, and the like, and it would be difficult to name a more lucid treatment of their development. So too, again, he sums up modern controversies and modern institutions, their good and evil, impartially and effectively. All this appeals to the reader who has read extreme statements on either side, but it may be doubted whether it is the best way to attract or retain the attention of a beginner. We can well understand how, as the writer tells us, "this book had its beginning in a series of brief descriptions supplementing a text used in the class-room," and as such it leaves little to be desired. The most hardened student or teacher will find much that is fresh and impressive even on such questions as the law of diminishing returns, population and foreign trade. Let us conclude with one illustration which is not reassuring: "The president of our oldest university has shown that one-fourth of the graduates of the last generation have remained single, and that the average number of children of the married graduate is two."

L. R. PHELPS

Economic Essays. By CHARLES FRANKLIN DUNBAR, late Professor of Political Economy in Harvard University; edited by O. M. W. SPRAGUE. With an introduction by F. W. TAUSSIG, Henry Lee Professor of Economics in Harvard University. (New York and London: Macmillan. Pp. xviii., 372. 1904.)

THIS collection of the papers of the late Professor Dunbar—most of them contributed to the *Quarterly Journal of Economics*, but also, to no small extent (90pp.) previously unprinted—will be very welcome, both to special students of the topics, chiefly American banking and currency, which are dealt with therein, and also to all who remember their author with respect and affection. It is in the second category that I place myself. On most of the contents of the volume I am not competent to express an opinion; nor is it necessary that I should attempt to give one. All serious students of the tangled web of American financial

history already know how weighty were Professor Dunbar's utterances in the field he had made so peculiarly his own ; on what a careful examination of the available evidence they were based ; how deliberately and judiciously they were phrased. They will be glad to have the contributions to the *Quarterly Journal* put together in a convenient form, even if they have access to a set of the *Journal* ; they will be even more grateful to the Editor, Dr. Sprague, for the considerable supplement he has provided in the shape of previously unpublished papers on the crises of 1857 and 1860, and on the history of the national banks, and for the disciple's piety which has been devoted to putting them into shape for the present volume. Every good economic library will be compelled to place this volume on its shelves.

Having said so much, perhaps I may be allowed, as one who had the honour to be a colleague of Professor Dunbar for almost eight years, to leave the book and try to give some impression of the author's personality.

Everyone who came to know him in his later years was struck, I think, by a curiously reticent dignity about his whole bearing. His form was slight, his aspect one of kindly gravity, his words exceedingly few. It was most difficult, if not impossible, to remember in his presence that he had been the successful editor of a great newspaper during the crisis of his country's fortunes—a writer compelled day after day to make important decisions and to defend them with ready vigour. Nobody could seem further removed from the journalist, except that, after one had been hurling one's enthusiasm or indignation against the impassive wall of his countenance for ten minutes or so, apparently to no effect, some kindly-caustic comment would suddenly reveal the man of the world and his large acquaintance with human weaknesses. And yet I cannot but think that his ten years' journalistic experience had left deep traces on his nature. They sent him, by reaction, farther and farther away from the methods of scratch material and rapid writing ; they gave him an unworldly respect for substantial work, even if he was not personally convinced, or, indeed, interested, by its conclusions. And—it may be fancy, but it often recurred to me—those years of constant and rapid energising had left him rather weary. His were a body and intellect driven steadily and resolutely along by a deliberate will. So complete an absence of "careless rapture" struck some temperaments as almost uncanny ; and yet there was something winning about such dignity and modesty, such contempt for cheap applause, such

steady work, such courteous consideration for all others who were also working, and one ended with a very real affection.

The striking thing to an Englishman who knew the scanty space that economic studies then occupied in the universities of his own land, and the even scantier regard paid to them by the English commercial world, was the firm belief which Mr. Dunbar entertained in their value; and yet he, if anyone, was acquainted with the realities of American political and business life. During the twenty-nine years of his professorship, he saw the number of professors of economics at his own university grow from one to four, and those four accompanied by a dozen or more of instructors and assistants; he saw a set or two of text-book "recitations" grow to a score of independent courses, covering an incomparably wider reach of economic interests than anything we have hitherto seen in this country; he saw the number of students swollen to even uncomfortable dimensions—from the advanced and graduate classes, which he found difficult to limit to numbers he could get conveniently round the seminary table, to the elementary course with its horde of between four and five hundred listeners. In all this, development Professor Dunbar took an active and guiding part; and never with any scepticism, any affectation of *insouciance*, any self-pity. He knew how inadequate the results could not but be; and yet he kept going, and never lost his faith that the whole thing was worth while. People talk of "American optimism," and often think of it as something loud and self-assertive. Professor Dunbar's frail form, presiding very gently, but very firmly, at a meeting of the Department and advising the younger men in planning this and that extension of their instruction, and then plodding homeward to "put in" some hours over the editorial supervision of the pages of the *Quarterly*, was one, I think, of the most optimistic figures I ever saw.

There was one other feature in the character of Professor Dunbar which made a deep impression upon his colleagues; and that was his readiness to secure room, and abundant room, within the great university he loved, for lines of economic investigation which did not interest himself, but which, nevertheless, he realised had a value and *raison d'être* of their own. It is not so hard to find a professor of the "deductive" school—I use these approximate terms merely to save time—who will recognise in words that the "historical" school has a right to exist; or one of the historical who will confess that even the Austrian economists may hit upon illuminating ideas. What is rare is the

highly-placed academic economist of any school who will bestir himself to secure representation and opportunity for an opposite school within his borders. But this was the attitude of Professor Dunbar : once he believed—and he more easily believed as he grew older and pondered on the complexity of human affairs—that a particular line of work had even a subordinate value, and once he found a man whom he thought he could trust to do honest work in that line, he was glad to secure his services, such as they might be, for Harvard, and honoured him with his steady confidence. My own experience drives me to say this ; but it was a trait in the character of Mr. Dunbar which I had opportunities of observing in his attitude towards other men and other divergencies from his own pursuits. He himself walked cautiously along an old road : as an economist he was quite content to abide by Cairnes, who enjoyed a curious authority in Harvard long after his fame had been obscured in his own land. But beneath and beyond his own personal and particular conclusions was a deep-seated trust in the pursuit of truth ; and it was this which made him so true a representative of the best traditions of his own New England.

W. J. ASHLEY

Über das Wesen und die Ursachen unserer heutigen Wirtschaftskrisis, [Volkswirtschaftliche und wirtschaftsgeschichtliche Abhandlungen, herausgegeben von PROFESSOR STIEDA ; N.F., Heft 2]. Von DR. BERNHARD ROST. (Jena : Gustav Fischer. Pp. 55. 1905.)

THOUGH this bears the date 1905, the " present " crisis with which it deals is the German crisis of 1900-1901, which was certainly over before the end of 1902. The depression which it left behind it doubtless lingered some time ; but it was the general opinion some months ago that hardly a trace of it was then left. " Present " is therefore a somewhat misleading term, and it is to be explained probably by the circumstance that the author began his inquiries when the crisis was still actual.

I do not know whether it is so, but the little book looks as if it were a doctoral dissertation. It belongs to a large class : the class of monographs which afford useful practice in composition to their authors, bring together a certain quantity of contemporary discussion in a convenient form for economic inquirers, but really contribute nothing new in the way of ideas or material. By no means all doctoral dissertations are of this kind : here and there

the thesis gives a young man of ability an opportunity to strike out a fresh line for himself; and, on the other hand, many dissertations are nothing like so good even as this of Dr. Rost's. The dissertation system is worth keeping up for the ideals which it sets before students; but life is too short to take all its products very seriously. Over this essay of Dr. Rost's an hour is not ill spent; and then it can be put on the shelves to furnish a few useful references if ever one should try to come to close quarters with the problem.

However, one may as well give an account of its contents. Chapter I. considers "What is a crisis?" The obvious books and dictionaries are looked up, accounts are given of various crises, and they are classified as money crises, speculation crises, credit crises, and production or market crises. Chapter II. is an account of the economic development of Germany since 1890. Chapter III. discusses the category to which this particular crisis is to be assigned, and decides that it was mainly a speculation or stock exchange crisis, but secondarily a credit and market crisis. It is stated that in all the industries in which there was over-production it was merely a temporary phenomenon; and this, it is said, is 'proved by the facts that the works tried as far as possible to retain their bodies of workpeople, and that wages fell but little. Next, in Chapter IV., comes a dogmatic statement of the "causes," one after the other:—(1) the Caprivi policy, which did not get as much as was expected in the way of concessions from other countries; (2) the conversion of the Imperial and Prussian debts; (3) agricultural depression, lessening the purchasing power of the rural population; (4) the price policy of the Cartels; (5) the new Stock Exchange law. These were the primary causes. Secondary causes were the laziness of the workpeople when they could earn as much in four days as in six before, (no evidence is adduced for this result of high wages); and the extravagance of the rich capitalists. The last chapter is headed: "How was the crisis overcome, and how shall we protect ourselves in future against crises?" But only the second head is discussed, and that in so simple-minded and youthful a way that the dissertation would have had a more grown-up appearance if the last section had been omitted. "In making new commercial treaties we must aim above all at securing a reduction of the duties which foreign countries impose on our goods. As equivalents we must allow the duties to be removed on the raw materials we need for our export manufactures." *Sancta simplicitas!* "Production must be better organised. This can be best obtained

by as complete a system of combination (*Kartellierung*) as possible of the several industries. But these syndicates must not sell their goods abroad more cheaply than at home. On the contrary it is to be recommended that in times of depression domestic prices should be lower than prices of goods sold abroad." True. It would be very nice. But suppose Dr. Rost stops to think *why* the syndicates sell more cheaply abroad.

W. J. ASHLEY

Das Englische Bankwesen. Von EDGAR JAFFÉ. (Leipzig : Duncker and Humblot, 1905.)

THE writer of this book knows his subject, and treats it in a manner which should help his German readers to a better understanding of our banking system. As he states, there are not many German works dealing with the subject as a whole; certainly very few written with a first hand acquaintance, such as Herr Jaffé claims and possesses. Bagehot's "*Lombard Street*" has, as he reminds us, been translated into German, and the translation has done good service in familiarising the German student and banker with the English money market. The German reader has also been provided with ample opportunity of understanding the constitution and working of the Bank of England. His opportunities of studying the structure and operation of our banking system in general, however, have been comparatively few, and this book should prove of material assistance in this direction. It begins with a chapter on the Bank of England; describes the various classes of London and provincial banks, touches on the position of London as the world's Clearing House, and explains the function of the billbroker, the stockbroker, and other financial intermediaries. The second part of the volume deals with the organisation of credit, and contains an admirable section on the machinery of lending, in which the author, in a manner which one does not remember to have seen in any English work, compares closely, both from the standpoint of the banker and the borrower, the London system of advances by way of loan with the provincial method of accommodation by means of fluctuating overdraft. The third and last section treats of the inner organisation of banks and their method of conducting business, winding up with a chapter on the "*One Reserve System*," which, though containing nothing new, may be commended to English banking reformers. The writer's conclusion of the whole matter is that, notwithstanding obvious weaknesses, the organisation of our

English credit system, and especially of our banking system, is in many respects both brilliant and instructive. Coming from one who evidently knows us well, this is distinctly comforting, but the writer's tribute to our excellencies should not prevent us from carefully laying to heart the criticisms which follow it in the last two pages of the book. There are some useful tables at the end of the volume.

F. E. STEELE

Die Zukunft unseres Überseehandels. Eine volkswirtschaftliche Studie. H.C. von DR. WALTHER KUNDT. (Berlin : Siemenroth, 1904. Pp. vii+148. Price 3 marks.)

WE have for some time past heard a great deal about tariffs in relation to over-sea trade, but not very much about the way in which that trade is conducted and the factors which determine the degree and direction of its expansion. With all the more heartiness, therefore, do we welcome Dr. Kundt's contribution to the practical philosophy of commerce. The author appears to have had experience as the representative of German firms in Mexico and gives a gaily humorous account of the work of a commercial traveller in tropical America and in Africa which in itself is well worth reading. We talk glibly in after-dinner speeches about "ambassadors of commerce," but otherwise we do not pay much attention to their work. Perhaps Dr. Kundt's book may do something to arouse us to a true idea of the magnitude of their labours.

Kartells and syndicates have largely organised the home markets, and the problem of foreign trade lies in the possibility of influencing it in some way by governmental regulations so as to withdraw it from the welter in which it now lies. The future of Germany's commerce does not depend on trade with other industrial lands which are on much the same level of capacity and exchange only specialities according to their purchasing power, nor with Russia which supplies only grain, nor with the fatalist and unsettled Near East, nor with the poor and crowded countries of China and Japan. To the tropical lands of America and Africa, where raw materials are varied and abundant and the climate is unsuited to the development of native manufactures, Dr. Kundt looks for inexhaustible possibilities of German trade. First through the settlement of branches and representatives, and now by the despatch of pertinacious travellers German houses have exploited the tropics, finding their profit more in the

importation of raw materials than in the sale of their manufactures. Trade expenses are very high, and export trade is everywhere characterised by disorganisation and extreme division. On all hands the cry is that the export trade must be organised. Dr. Kundt's proposal is that Export Syndicates should be formed which should open stores for direct sale to the consumers in large towns like Rio de Janeiro and Buenos Ayres. "If anywhere in foreign lands," he says, "the organised manufacturers should succeed in forming for themselves a monopoly, then that place would be taken out of the world-market. The formation of such a monopoly is not impossible. From my experiences and observations abroad and in Hamburg the increase in the price of goods through the want of system in free competition is so great that a strong organisation, especially one which was realised in the formation of stores, would be able to sell at such reduced rates that its position would be almost a monopoly. If the stores in the large towns set up branches in the smaller towns for the local business, a kind of monopoly would be established for the whole country. Besides, there is one foreign land whose trade with Europe is, so to speak, monopolised, certainly not by a manufacturers' union, but by a Hamburg house. That land is Venezuela. In form the German business houses in Maracaibo, Ciudad-Bolivar, and other provincial towns are independent, but really they are only branches of a large firm in La Guayra and Caracas." It may be noted, that Germany does not possess the same strong and intricate organisation of distributing agencies which we have in Britain, but still Dr. Kundt's suggestions are worthy of attention. Moreover, by the organisation of producers, the manufacture of the goods sold would be retained for Germany, whereas the merchant gets his supplies where they are cheapest.

Tropical lands must be opened up by railways before they can be effectually exploited, and for this purpose our author advises that the banks and the iron syndicates should enter into alliance, thus securing employment for German firms and laying the foundation for a syndication of the importation into Germany of the native raw materials. This he considers more satisfactory than the investment of German capital in foreign loans. The details of all his plans cannot here be considered, and it would be rash to decide off-hand as to their impossibility. Certainly his main idea, the segregation of definite trading spheres as monopolies for German trade, is quite consistent with German mercantile policy, and is even to some extent in action. Only he

proposes to close the door to competition not by political power, but by economic efficiency.

HENRY W. MACROSTY

Trusts, Pools and Corporations. Edited with an Introduction by WILLIAM Z. RIPLEY, Ph.D., Professor of Economics, Harvard University. (Boston: Ginn and Co., 1905. Price 8s. 6d. Pp. xxx + 477.)

THIS volume is a republication of thirteen articles which have appeared in different periodicals—five in the *Political Science Quarterly*, five in the *Quarterly Journal of Economics*, two in the *ECONOMIC JOURNAL*, and one in the *Yale Review*—illustrative of different aspects of the Trust problem, and of five public documents expository of the law or recording the results of investigations into certain combinations. The authors of the several monographs are Professors Jenks, Ripley, Meade, Goodnow, and Bullock, and Messrs. W. E. Belcher, C. E. Edgerton, F. L. McVey, Grosvenor Calkins, Ernest Schuster, and Montague Barlow. The book is the first of a series entitled *Selections and Documents in Economics*; of which subsequent volumes will deal with “Trade Unionism and Labour Problems,” “Sociology and Social Problems,” and “Taxation and Public Finance.” The object, as set forth by the editor, is to supplement the ordinary text-books by “a deliberate attempt at the application to the teaching of economics of the *case system*, so long successful in our law schools,” and the able introduction correlates the separate examples and provides their proper framework by a brief historical sketch of the development of the combination movement. The names of the writers are a guarantee of the thoroughness and reliability with which they have treated their several subjects, while the public documents, dealing with the Addyston Pipe Company, the United States Shipbuilding Company, the Asphalt Companies, the Northern Securities Company, and the Sherman Anti-Trust Law, are all of great interest and importance.

The combination movement, as the expression of a tendency towards the control of production and the evolution of private monopolies, has caused the emergence of so many problems, economic, financial, social, and political (to adopt a very “cross” division), that it is impossible to deal with them all adequately in one volume. This fact, as well as the material immediately available, has doubtless caused Professor Ripley to confine this book mainly to financial and legal considerations. In any case the

financial aspect is bound to dominate any discussion of the American trust development, but there is ample room for a volume devoted to the trust as an instrument of production and distribution. Such a book might be international in its scope, and might include among other topics extracts from the reports of the German Kartell-Enquête dealing with the coal and iron syndicates, material from the American Industrial Commission on the iron combines, the report of the investigatory committee of the Cállico Printers' Association, and some discussion of the large individual company (not a merger) in relation to amalgamations. Professor Ripley has included in his collection a fairly adequate treatment of the earlier form of combination known as the "pool," or temporary association to regulate production and raise prices. The Michigan Salt Association exemplifies the attempt at a monopoly based on the ownership of local supplies of raw material; the Wire Nail Association of 1895-6 was the familiar case of a piratical raid on the consumers' pockets intended to make large profits for a brief time, and leaving the industry more chaotic than before; the Addyston Pipe Company was an instance of the equally familiar "contractors' ring," a "secret and hypocritical combination," to use the phrase of Assistant Attorney-General Whitney, dissolved under the Sherman Law; modern industrial agreements are illustrated by the iron and steel pools, by which prices are kept steady at a more moderate level than under the old pools but still as high as the tariff permits. An account of the Whisky Trust, the old form of combination under trustees, is somewhat spatchcocked into the book, and should have been brought up to date in a more detailed fashion from the information disclosed to the American Industrial Commission.

The financial aspects of the modern large amalgamations are very fully treated. The Asphalt Companies illustrate "fraudulent promotion"; the United States Shipbuilding Company—"this artistic swindle," as the receiver called it, though in truth the methods seem extremely clumsy—is an example of "fraudulent finance"; the United States Steel Corporation furnishes in its bond conversion an instance of "financial manipulation" which Professor Ripley stigmatises in very vigorous language; and the International Mercantile Marine Company is an extreme, but by no means isolated, example of typically American over-capitalisation. As a contrast to the capitalisation of private companies Professor Ripley discusses the capitalisation of public-service corporations—gas, water, and tramway companies—particularly under the Massachusetts law, which requires that the capital must

represent the sum paid in as cash or an equivalent in tangible property. The "haphazard finance" of the American street railroads and the complexity of the issues attendant on the public regulation of capitalisation are well brought out. The influence of the tariff is shown by an account of the tinplate industry and the American Tinplate Company. The common law in relation to trusts, the Sherman Anti-Trust Act, and the company law of Massachusetts, Germany, and Great Britain are next fully discussed. Lastly, Professor Bullock supplies an exhaustive economic analysis of American trust literature. Professor Goodnow's article on the common law is of particular interest now that the control of trusts is a burning subject of public politics. He demonstrates that the old doctrine that contracts in restraint of trade are invalid when injurious to the public still holds good, and that, as the Illinois Court said, "whatever tends to create a monopoly is unlawful, as being contrary to public policy." Where a monopoly is proved, the Courts will not inquire as to the conduct of the combination, but decide the case on *a priori* principles. "Agreements aiming to raise prices" are not only invalid but criminal; "trust" agreements justify forfeiture of corporate charters; and companies intended to secure a monopoly have been held by the State Courts to be illegal. The inability of the several States to control companies organised under the laws of other States led to the Sherman Anti-Trust Law prohibiting combination in restraint of inter-State commerce, but in the Sugar Trust case it was held that this Law did not affect a monopoly of production, and that if a monopoly in inter-State commerce followed as a result of that monopoly it was only indirect and outside the Sherman Law. Professor Ripley thinks that trust legislation should proceed by requiring all large corporations to acquire a Federal Charter or a Federal License to engage in inter-State trade, that greater publicity should be required, that secret rebates and preferential railway rates should be prohibited, and that the "absurdly prohibitive tariff duties" should be reduced. These are certainly the lines of sane reform.

Altogether this is an invaluable book and one which the student of modern business methods will do well to study carefully.

HENRY W. MACROSTY

Die Entstehung der Volkswirtschaft. By CARL BÜCHER. 4th ed. (Tübingen, 6 marks.)

THE appearance of a new edition seems a suitable opportunity for reviewing this important work. It is based on a series of

lectures, and each chapter is independent. There is, nevertheless, a general plan, and the whole forms a connected sequence. The title of the book is taken from the third chapter in which the author expounds his view of economic development, and this chapter is perhaps the one which should be read first, in order to understand the author's point of view. He maintains that there is a fundamental difference between the economy of ancient and modern times. Political economy of the present day is concerned with distribution and value, owing to the fact that far the greater part of each individual's effort is directed to the production of goods for exchange, whereas until the last few hundred years most men produced mainly or entirely for their own wants or those of their family, clan, household, or manor. Within these units there might, indeed, be division of labour, even quite an elaborate specialisation of functions, but neither within the unit, nor between the units, was there exchange of goods and services on modern commercial principles. This system the author has named Domestic Economy. Gradually exchange increases, the economic unit becomes enlarged, and Town Economy emerges. Finally, we have modern National Economy. There is much resemblance to Schmoller's series, village, town, territory, state, but Professor Bücher has his own original point of view.

The first two chapters, in accordance with the general plan, deal with very primitive conditions as found at the present day amongst tropical savages. The fourth and fifth chapters deal with later periods of development—the Middle Ages in Western Europe and the existing conditions in South-Eastern Europe. The sixth chapter gives an account of the rise and development of Journalism, that great factor in the integration of modern life. The seventh and eight deal with division of labour. The ninth is on the social results of organisation of labour in modern life and contains some polemic against Schmoller on the question of heredity. The last chapter is on internal migrations and the growth of towns, as illustrated by German statistics.

English readers will perhaps turn with most interest to the chapters on Division of Labour, in order to see what advance is made on the familiar writings of Adam Smith and Mill. The first of these two is headed "Union of Labour and Labour in Common" (*Arbeitsvereinigung und Arbeitsgemeinschaft*). The author first seeks to clear up haziness and to establish a nomenclature. Union of Labour should be taken to mean the union of tasks in one person. Labour in Common is co-operation of persons in one task when all do practically the same thing.

Division of Labour is the separation of tasks. In the two chapters these are further examined and subdivided under minor headings and an enormous wealth of illustrations is given, drawn from every part of the world, and some account, too, is given, of the historical development and of the importance at different periods of history, of the various kinds of Labour in Common, and Division of Labour. Statistics from the German census illustrate the numbers of separately named occupations, and the numbers of people who follow more than one occupation.

No reference is made to any English writers on this subject excepting Adam Smith. The main distinction, however, that between Division of Labour and Labour in Common, is noted in Mill, who quotes from Wakefield's notes on Adam Smith. The names there suggested are "simple co-operation" and "complex co-operation." The systematic subdivision of Division of Labour derives its importance, as the author himself says, from the historical development point of view which Professor Bücher takes, and this accounts for the fact that Mill and Adam Smith do not emphasise and give names to the different forms which Division of Labour takes, though they do not fail to notice them.

It cannot be said that the author throws much new light on the advantages from a productive point of view, and the disadvantages from a social point of view, of our present state of specialisation. He seems rather pessimistic in regard to the latter. Here as elsewhere, there seems to be a tendency to take too strong a view in regard to the advantages of the position of the capitalist, his power to dictate to the consumer, and the difficulty experienced by the non-capitalist classes in entering the ranks of business managers. Marshall might be read with advantage in connection with this question.

In place of the doctrine familiar in English works since Adam Smith, that Division of Labour is limited by the extent of the market, we have a discussion on the question whether commerce is the cause of Division of Labour, or *vice versa*, concluding in favour of the latter. "The impelling and creative element in modern National Economy is not Division of Labour but business capital, and commerce is its spring of life" (p. 309, Wickett's Translation). The English reader will probably prefer the English method of discussion. Professor Bücher seems too anxious to discover one determining cause where there must necessarily be action and reaction. If we are to look for one cause more fundamental than others, is it not rather to be found in the development of means of transport, which makes possible a larger

market, and thus gives the capitalistic *entrepreneur* his opportunity?

We must close this review with an expression of admiration for the exhaustive learning which it displays. English readers may find the German style rather trying, but the effort to master the book will be well repaid. What is most needed is a short analysis of the outline of the argument of each chapter, and notes at the side such as Marshall provides. The book has more attraction, naturally, for the historian than for the student of present-day economics, but there is plenty to interest the latter. There may be some doubt as to how far the study of history is necessary to the understanding of modern problems. Perhaps the analogy of constitutional law and political science has been made too much of at times. But it is undeniable that history helps to give a better sense of proportion, and for the understanding of many modern questions at least, is most essential.

C. F. BICKERDIKE

Vererbung und Auslese im Lebenslauf der Völker. Eine Staatswissenschaftliche Studie auf Grund der neueren Biologie.

Von DR. WILHELM SCHALLMAYER, in München. (Jena: Gustav Fischer, 1903.)

THIS book contains the essay that gained the first prize (of £500) in the competition described in THE ECONOMIC JOURNAL (Vol. xiv, p. 455). The author was born at Mindelheim in 1857; studied jurisprudence, philosophy, and finally medicine, at Würzburg, Munich, and Leipzig Universities; was for a time attached as a doctor to the Asylum for Insane at Munich; went on voyage, as ship's doctor, to Brazil and Eastern Asia; practised in Kaufbeuren and Düsseldorf; and retired to Munich a few years ago, to write his book on "The threatened degeneration of civilised nations, and the proposal to make doctors civil servants" (*Die drohende Entartung der Kulturvölker und die Verstaatlichung des ärztlichen Standes*), 1891. He was well on the way to a new book when the competition was announced, and he owed only a part of his inspiration to the pious founders (*Vererbung*, p. ix. n.). His varied experience of life adds weight to his learning, which is abundant. His personal contact with the Chinese may have led him to exaggerate their gifts among races. (See the present book, pp. 193 *seq.*, 196, note 3, compared with Matzat, *Philosophie der Anpassung*, introduction, p. 23.) But as a rule he is unprejudiced and judicial.

The reader feels from the first that he is in a firm grasp. The author first tells us (pp. 7 *seq.*) what the Theory of Selection is and implies. It is that all forms of life on our planet are derived from one common simple original form, and that the process of transformation goes on by means of the gradual accumulation "of variations transmitted in the way of inheritance by the individuals best fitted for their circumstances, and therefore successful in finding opportunity to multiply themselves." This implies what Malthus perceived, that the successful are a small minority, and that all living beings have a power to multiply which is far above their actual multiplication. The Darwinian Theory rests on Variability, Inheritance, Excessive Fertility, and Selection (p. 8). Dr. Schallmayer is a New-Darwinian, an adherent of Weismann. Weismann is popularly known as disbelieving the inheritance of acquired characteristics. Our author, as a physiologist, tells us what this means (pp. 32 *seq.*). The body (*soma*, *σῶμα*) of an animal is sharply distinguished from the inherited and heritable germ (germ-plasm, *Keimplasma*) of which it is only in each generation the bearer and transmitter. It is the seminal germ that is the substance; all else is accident. What is not brought in some way within the compass of the germ is not transmissible. Mere alterations of the soma, even in the way of function, are not of themselves transmissible: a housemaid will not transmit a housemaid's knee; however often oakgalls appear on its leaves, the oak will not acquire any power to produce them without the insect (64). If alcohol and diet in general produce transmissible effects, it is because the generative system has shared in the nourishment (64, *cf.* 153). The germ itself develops, assisted by the differences of paternal and maternal cells; but the progress is much slower than the progress by inherited functional changes supposed by Lamarck would have been (65 *seq.*, *cf.* 294), and is slow at the best (259, &c.).

The physiological proof is not within our scope in these pages. But the conclusions drawn by the author concern us all very closely. The New-Darwinian limitation of the range of inheritance is trifling in comparison with the extent still left to it; if the inherited element is not the whole man it is very nearly so; and the man is at his best, not only physically but intellectually, when natural selection is left to do its perfect work (95, 96, &c.). Present civilisation interferes with it so much that a nation attaining a high degree of civilisation, and therewith a high degree of material wealth, is almost certain to degenerate and to lose in a measurable time its political power (100). It is not civilisa-

tion that produces a high development of brain ; it is the brain that produces the civilisation (103) ; and the present conditions of civilisation by interfering with natural selection tend to hinder and not help the development (107). They prevent the strengthening by selection of the really heritable best powers ; it is by the germinal plasma and not by the soma that selection presents us with strong men and strong races, if indeed we can still speak of races.¹ Ancient wars were a help, modern are a hindrance. The wars in which all depended on native ability of mind and body resulted in the survival of the relatively most capable in mind and body ; but, as soon as a tribe acquired better weapons and better forms of organisation, and passed on the knowledge of these by oral or written tradition, or, briefly, by education, they could vanquish a tribe in which such inventions had not taken hold to the same extent, even if the latter tribe were superior in native powers. Thus education is a force which may tell against " generative natural selection " (113, 114). A better education may overcome a better or at least no worse capacity, as in the Boer war with England and the Japanese war with China (114). Modern military service draws away the men of sound health and leaves the weaker to have the start of them in the race for success in business (115, 116). In addition, the conditions of a soldier's life, even in time of peace, are more trying than those of a civilian, and the death-rate is higher in the army than out of it. Weak eyesight, for example, keeps a man out of the service ; but please remember that this means that those of weaker eyesight are favoured in the struggle for subsistence, by being left more free for business ; and the race must suffer (117-18).

On the principles of Weismann there is no compensation in the drill and discipline, for the effects of these do not pass by inheritance (119). The general result is a loss in the quality of the citizens ; and a loss in quality (as we all know from Malthus) is much harder to repair by the growth of population than a loss in quantity (117, n.).

By similar steps Dr. Schallmayer tries to show that the system of private property leads to a selection of the weaker (121 *seq.*). In former times it was a matter of life or death to the individual to be born strong or weak, in mind and body. Now his existence depends far more on inheritance in the other sense, not on what he is by descent in his own person, but on what he has got from others or has learned from others, whether in the shape of material wealth or in that of art, science, or morals (122). The rich may often be saved by their riches from the natural consequences of

¹ There is no uniform type in a race (79, *cf.* 175).

"generative" weakness. Marriages may be made for money between weak and weak, or strong and weak. Families may be kept artificially small to make property go further; yet it is the larger families that give best scope for natural selection. The "selection" that means merely social advancement is not strictly natural selection at all (124, 127, *cf.* 184).

It becomes a question whether a more vigorous race, the product of the true natural selection, will not oust the civilised; the latter are gradually, by means of their civilisation, losing in "generative value," though they may keep off their rivals for an indefinite time by their "acquired characteristics," their arts and their science (*cf.* 126). Such institutions as primogeniture and celibacy of the clergy are "biologically mischievous"; and we must place in that category all the other causes that prevent or defer the marriage of the strong and facilitate the unions of the weak (129 *seq.*). Spencer's theory of the growth of "individuation" at the expense of reproduction¹ would be terrible, if true; but Dr. Schallmayer does not believe in it (134).

He proceeds to give a special "New-Darwinian" argument against late marriages. Though the inherited germ is unaffected by acquired characteristics of the soma, the nourishment of it comes after all from the soma, and there is strong probability that the germ will be at its best in the most vigorous generative period of human life (134, 135). Great cities come under his disapproval: if it is true their mortality is lessening, so is their birth-rate (137). The moral evils of great cities tell, all, against the strengthening of the race by selection (140 *seq.*). Even the lengthening of the mean probability of life does not exclude the possibility of a degeneration of the race (147 *seq.*, *cf.* 169). Humanitarian charity fights against natural selection; it involves the sacrifice of future generations to worthless individuals in the present (153). Intoxicating liquors affect the germ itself; Dr. Schallmayer is wholly on the side of our temperance reformers (153 *seq.*).

Thus far all is gloomy. The gloom would have been dispelled if the writer had believed in the inheritance of acquired characteristics, for then he might have looked for progress in spite of ineffective selection (173). But this he cannot do; and he despatches the blessings of civilisation in a very few pages (156 *seq.*). The advantages of it are outweighed by the drawbacks (158). He admits that our vital statistics do not yet carry us with certainty to the conclusion that the race is degenerating; they prove as yet, only that we are balanced between standing still and going back,

¹ See Palgrave's *Economic Dictionary*, article "Population," p. 166.

with a tendency to go back (168, 169, *cf.* 172, 173, 191, 192). He allows, too, the hollowness of the analogy between individuals and nations (174-7); his forebodings rest on no fanciful idea of an "old age" of a race or a civilisation. Individual bodies die, but the germ-plasm persists indefinitely,—an interesting variant of the Aristotelic view that Nature attains immortality not in individuals but in species (*Oec.* III.).¹ When a race decays it is from definite causes; and the definite causes of decay in our own time are ruthlessly presented by Dr. Schallmayer. First, if not foremost, is loss of the love of life; the Negroes, who are so far from sharing the fate of the Red Indians and Maoris, to say nothing of the ancient Greeks, have an irrepressible joy of living (177-9). The policy of nations has frequently led to the expulsion or repression of their best men; and the generative development becomes a decline (180). When Marx and Engels seized on the economic element in history, they were not alive to the physiological element that lay under the development of society in all its shapes and forms, economic and otherwise (181-3, *cf.* 315). The theorists who ascribe progress to climate forget that the arrest of population may take place from customs that seem unconnected with climate altogether (184).

It must be evident by this time that, in our author's view, quality is so far dependent on quantity that a largely increasing population, such as that of China, is indispensable to the most effective and beneficent natural selection, and where the increase is stopped the result is generative decline. Dr. Schallmayer carries his one idea so far as to hold that the distribution of wealth should not be founded on supposed principles of justice, nor should it be left as now to chance and competition, but it should be that distribution which furnishes the best spur to social achievements and the best inducement to the (generatively) best men to increase and multiply (324). The New-Malthusians are sternly condemned by this New-Darwinian (328 *seq.*). The praises of China have not been so sung since the eighteenth century (193 *seq.*, "The biological value of the Chinese civilisation"). Its very conservatism favours natural selection, and therefore biologically means progress, for the customs and traditions conserved have been almost wholly favourable to selection (205).

More interesting than our author's orthodoxy in Darwinism is his attitude to our current ideas especially in social politics. He treats the maxim of Greatest Happiness as Luther treated the Book of Esdras. It is "a notion which melts like snow when

¹ ἄμα δὲ καὶ ἡ φύσις ἀναπληροῖ ταύτην τῇ περιόδῳ τὸ ἀεὶ εἶναι· ἐπεὶ κατ' ἀριθμὸν οὐ δύναται ἀλλὰ κατὰ τὸ εἶδος.

you take it in your hand" (235). "Before the judgment-seat of feeling, pain is the only evil, pleasure the only good"; but we can appeal to a higher court, the Understanding. Feelings play only a subsidiary part in our organism; they are there to help the preservation of the individual and the species (237). Life is the proximate end; the chief end of life itself is beyond our ken (240-241). The tendency of the development of life in our planet is to produce the greatest possible sum of organic life there (241). The species and not the individual is the main interest; and the death of the individual is so far from a calamity that it is in the interest of the species that the individual should die (243). Our ethics should be modified in this direction; the supreme end is collective (244).

But, to secure it, nations must provide for a better generative development. Peaceful intercourse will favour this better than wars (245). The State must be strengthened and made more wise (246). The States which best foster such arts as command nature and, at the same time, best foster the power of their populations to increase and to make themselves socially efficient, will be the survivors in the struggle for existence (247-8). They must look not only to the near but to the far future (250). They must remember that to speed generative progress is to speed also the progress of intellect; it is the surest way of increasing the development of the brain (260 *seq.*). They must remember, too, that progress itself is not the end but a means, and not always an indispensable means, to the general welfare (292), and progress in education can always be expected to come faster than progress in generative development (294). In short, Dr. Schallmayer would have modern States, *mutatis mutandis*, to take on themselves the functions of the Platonic Guardians, while he is conscious of the special difficulties before them in the twentieth century (259, &c.). He is far from wholly agreeing with the Socialists in condemnation of things as they are; but he is emphatic in condemning the present luxury and the present waste of men, "the exhaustive cultivation" of human beings, as he often calls it (318, &c.).

The latter part of the book contains much that we may presume to have been demanded by the conditions of the prize competition. The sections and chapters in which the author applies his views to current political theories and social schemes have not the spontaneity of the earlier part of the book, and are in fact rather a series of detached observations and suggestions than a digested whole. This does not prevent the suggestions and obser-

vations from being shrewd and (often) convincing. Repetitions are frequent. Obvious errors are rare. Some of them occur in the account of English history since 1832 (263). Anton and Karl Menger are strangely confused, perhaps by the printer (286, 290). The printer is responsible for the wrong date of Sir Robert Giffen's paper on the Growth of Capital (1829 for 1892) (330). When we consider the number of the works to which not merely general but minute reference is made, the mistakes are surprisingly few and unimportant.

The author often speaks as if the biological aspect of history and human life were the only important aspect; but we must remember that it is the aspect to which he is more or less closely confined by the circumstances. It is at least a thesis worthy of discussion, that one great aim of humanity (could humanity be brought to see it) is to produce not only a strong unit here and there, but a race of maximum strength, and that the way lies in prevailing on two strong units to produce a third that combines their elements of strength. Perhaps a race under that maximum in generative elements, but raised to a very high pitch of instruction and education, might be as desirable a consummation. Dr. Schallmayer admits that this second consummation can come far sooner than the other. It is the one of which we most naturally think when we speak of the Education of the Race and the End of History, &c. Through a pardonable weakness humanity values the thoughts more than the thinkers. The giants depend on the pygmies even more than the pygmies on the giants. But, as will be seen from a passage already quoted (247-8), our author himself believes that the victory rests with the States which combine the intellectual with the biological development, and that we cannot leave out the second even if we choose. In this case his book may be considered an appeal to those nations that now have the primacy to adopt the means which will enable them permanently to retain it. They are not to all appearance likely to neglect the first of the two conditions of success; but they seem to him to be unmindful of the second. "This ought ye to have done, and not to leave the other undone."

J. BONAR

NOTES AND MEMORANDA

THE BUDGET OF 1905.

“ ‘WHAT style, sir,’ asked of an East India Director some youthful aspirant for renown, ‘is most to be preferred in the composition of official despatches?’ ‘My good fellow,’ responded the ruler of Hindostan, ‘the style as *we* like is the Humdrum.’ ” This fable of Bagehot’s would seem to have been taken to heart by the Chancellor of the Exchequer; for seldom has there been a Budget statement with less grace of form set before the House of Commons than that of the present year. The estimated revenue was secured owing to the serious errors in respect to the several branches of receipt compensating each other, and as a result a realised surplus of £1,414,000 for 1904–5 was declared. In reality this favourable issue was obtained only by neglecting the outlay of borrowed funds, these amounting to £9,796,000 for the same year. That the expenditure met by loans has created certain alleged assets, that the corresponding debt has its interest and redemption by a specially provided sinking fund, or that it has been sanctioned at some time by Parliament, are statements which are as irrelevant as they are formally correct. This disingenuous finance is, indeed, condemned by the Chancellor in his declaration that “however necessary it was to have recourse to this method to make good the errors of the past or to meet circumstances of an exceptional and extraordinary character, it ought not to form part of our permanent financial system.” But as it is perfectly possible to give up the system of fictitious surpluses by a simple readjustment in the statement of the national balance-sheet, the plea of past error or exceptional need is not admissible.

The several heads of revenue reflect in their movement the conditions of trade and industry and the forms of consumption. The decline in the yield of the “drink” duties shows the difficulties that might affect the revenue in times of pressure. Though

it is hardly advisable to lay any stress on the idea that the direct and indirect taxes should be approximately equal in yield, there can be little doubt that in the future the relation of the different forms must be more carefully considered in order to secure the maximum yield under the conditions.

The sole remission, that on tea—the warehouse duty alterations are too trifling for consideration—was almost inevitable when we take into account the strong agitation against the high tea duty and the limited amount of revenue available; but the obviousness of the remission suggests grave doubts as to the wisdom of the increase of the tea duty in 1904. An additional penny in the Income Tax would have been less inconvenient, and its remission would have proved as popular with an influential class, as its imposition might have been the reverse. On grounds of principle changes for short periods in taxes on commodities are objectionable, as they disturb trade and make price arrangements uncertain.

Any thorough dealing with the war taxes was precluded by the heavy military and naval expenditure which has been continued in time of peace. A strong Finance Minister has to urge his side of the case against the insistence of the spending departments, and it is in this direction rather than in contrivances for raising revenue that financial capacity is displayed. Given the swollen army and navy estimates of the last few years, sound finance must be extremely difficult to secure, while the most beneficial readjustments of taxation are incompatible with obtaining the support of the interests that property and land taxes would injuriously affect.

The proposal for increasing the amount set apart for the debt service to £28,000,000—the figure settled at the introduction of the new Sinking Fund in 1875 by Sir S. Northcote—is a step in the right direction. Perhaps the weakest feature in Lord Goschen's policy—in which he was followed by Sir M. Hicks-Beach—was his lowering of this sum to relieve taxation. But the particular application of the £1,000,000 assigned is hardly deserving of the discussion to which it has given rise. The arrangement for a funding of £10,000,000 out of the £14,000,000 of Exchequer Bonds that fall due next December, with repayment of £1,000,000 per annum, is in principle somewhat like a terminable annuity for that period. Léon Say, in a remarkable Budget speech,¹ explained that the terminable annuity appealed to a special public, the loan redeemable by annual drawings to the ordinary investor, and in consequence preferred the latter.

¹ *Finances de la France*, Vol. III., pp. 588, sq.

The Budget proposal is, however, on too small a scale to justify the introduction of a novel form of liability into the English debt. The French redeemable 3 per cents.—surely a better precedent than the Turkish, Egyptian, and Greek examples cited by the Chancellor—were established at a time of difficulty, and the terminable annuity was not employed as in England. The period, moreover, was a long one (seventy-five years); so that we may regard the English experiment as not likely to be of much service. Even the disadvantage of redemption of a given amount annually—no matter what is the financial situation—is not worth considering for so small a charge.

The real objection to the piecemeal and limited dealing with debt redemption is its effect in leading the public to think that there is no need for more vigorous treatment. So long as Consols remain decidedly under *par*, there are political and economic, as well as financial reasons for active methods of redemption. A real, not an illusory, sinking fund would quickly restore the tone of the money market, and remove such complication as that which is retarding the Irish land purchase policy. But a real sinking fund requires a real surplus, and therefore the first step in reform is a readjustment of the balance between expenditure and revenue. All the conditions of a good financial policy are interdependent, and lax control of expenditure is certain to react on the various parts of the financial system.

The unfunded debt, which stood at over £70,000,000 at the opening of the financial year 1905-6, will be reduced by the payment of £14,000,000 of Exchequer Bonds, but the War Loan of 1900 is a rather heavy item that falls due in less than five years—that is, before half of the £10,000,000 of redeemable debt is discharged. When we take into account the £40,000,000 of capital charges, there is a confusion and irregularity that makes the need of a complete revision and simplification of the system indispensable, if the reputation established under the great financiers of the last century is to be maintained.

C. F. BASTABLE

THE UNEMPLOYED WORKMEN BILL.

THIS bill, introduced by the Government on April 18th, deals only with "genuine workmen, usually in regular employment." The test by which it must be judged is suggested by the experi-

ence of the Poor Law. The healthy sentiment that a man is himself responsible for providing for the ordinary contingencies of his own life seems at present to be fairly widely spread among the "genuine workmen" for whom the bill is intended. Is the bill likely, by weakening their repugnance to charity, to strike at the foundation on which our hopes for their future must be based? At present, indeed, its scope is so restricted that it can do little harm, and at the same time little good. But, as it is avowedly an experiment intended to "suggest the lines of a permanent solution of the problem of the unemployed," it may ultimately be extended to a national scale.

The main purpose of the bill is to provide the unemployed with temporary work at a "farm colony." The terms "temporary work" and "remuneration" seem to be leading to a good deal of misconception. It is often taken for granted that if a man is doing some work he is maintaining himself in independence. This belief is now strengthened by the fact that the Government has acceded to the request made by the trade union deputation which waited upon the Prime Minister (February 7, 1905), so that the workman who receives relief under the bill is not to be disfranchised (clause 1, sec. 8). The provision does not seem likely to affect the majority of those relieved,¹ but it is essential that the facts to which the penalty of disfranchisement pointed should not be obscured. The bill provides a modified form of poor relief. The experience of similar schemes justifies us in regarding it as an accepted conclusion that men taken from towns to do temporary work on farm colonies seldom earn more than a fraction of their maintenance. If we take as examples the two schemes on which the bill is based,² we learn from the report of the Mansion House scheme (page 7),³ that in the arrangements with the Hadleigh farm colony, "the value of the men's work was estimated to cover the cost of supervision and organisation," and, therefore, contributed nothing towards their board, lodging or wages. Mr. Long's scheme is still uncompleted, but the special correspondent of *The Times*, who visited the colony at Hollesley Bay, reports, that "the men are doing it very nicely, but they work with amusing slowness. As I saw them setting potatoes,

¹ So far as the limited experience of the Mansion House scheme can be taken as a guide, we find that less than one-third of those assisted had votes. (See the *Toynbee Record*, March, 1905, p. 101.)

² The Mansion House relief scheme of 1903-4, and "Mr. Long's scheme," which is still in operation.

³ Copies of this Report may be obtained (price 6d.) from the Hon. Secretary Mr. H. R. Maynard, Toynbee Hall.

the pace would land a market gardener in bankruptcy. . . . It would be a mistake to cherish any illusions about them. They are deriving a great deal of physical benefit from the life, but the thing is charity."¹

The bill, therefore, has to meet two difficulties. Firstly, since it is intended only for those who are usually in regular work, it has to provide means for distinguishing between them and intermittent labourers. When, however, this has been effected there remains the far more perplexing problem which arises whenever an element of charity is introduced—how to ensure that the regular workman seeks assistance only as a last and not as a first resource.

Turning first to the latter problem, the experience of the Poor Law suggests two plans for dealing with it, both of which appear in the bill. The first is for one or more committees to examine into the circumstances of the applicant. We give a summary of the clauses providing for this method.

LONDON.

1. There are to be established in London :

(a) Local bodies for every metropolitan borough, consisting of members of the borough council, and of any boards of guardians in the borough (clause 1, sec. 1).

(b) A central body consisting of members drawn from the London County Council, and from the local bodies.

Both the local and central bodies may co-opt additional members up to one-fourth of their number (clause 1, sec. 1).

The local bodies may recommend applicants to the central body, but may not themselves provide work (clause 1, sec. 3).

2. The central body may provide temporary work or may contribute towards the expenses of temporary work provided from other sources (clause 1, secs. 5-6).

3. The expenses are to be met by :

(a) A rate of one halfpenny which may, with the consent of the Local Government Board, be raised to one penny.

(b) Voluntary contributions (clause 1, sec. 7).

4. All temporary work, for which the expenses are met from the rates, must be provided at a farm colony (clause 1, sec. 7).

¹ *The Times*, April 6th, 1905

THE PROVINCES.

5. Outside the area of the London County Council the bill is optional.

(a) If it is adopted in a county borough, it is to be administered by a single body, with a similar constitution to that of local bodies in London and with the powers of both the local and central bodies in London (clause 2, sec. 1).

(b) If it is adopted in a county, or in a part of a county, it is to be administered, as in London, by both local bodies and a central body, with constitutions and powers similar to those of the corresponding bodies in London (clause 2, sec. 2).

The local and central bodies are, therefore, relied upon to reject the claims of any regular workmen who may be tempted into too great a readiness to ask for charity. It is doubtful whether any group of men can form a really trustworthy judgment, whether a man is out of work because of misfortune or because his energy is weakened by the prospect of relief, except those who work by his side. This seems to explain why trade unions alone have hitherto been able to grant large unemployed benefits without undue risk. On the other hand friendly societies, consisting of working men, but not necessarily of those in the same workshop, have not ventured into this field. We quote a passage of a letter received from the General Secretary of one of these societies. "Friendly Societies would not be able to discriminate between the genuine and the counterfeit in the event of their granting unemployed benefit because their members are drawn from all sorts and conditions of trades. A man may apply for out of work benefit, whose case may appear to his fellow members absolutely genuine because they do not happen to know him, whereas if inquiries were made among the men with whom he worked the case would present a different light altogether. To know working men, one must work with them. No one else can discriminate between the man who loses a job through no fault of his own, and the man who is out of work, and is unable to get a job, because he does not want to."

We cannot be very confident that the bodies created by the bill, consisting not of working men, but mainly of the usual *personnel* of borough councils and boards of guardians, will have the opportunity of obtaining any very accurate knowledge of those who apply for assistance. Even if they have this opportunity, can we feel sure that they will either undertake the labour of in-

vestigation, or exhibit a sufficient grasp of principle to realise how much evil may be wrought by making it too easy for men to prove that they are in need of charity? The record of municipal committees, in their conduct of relief schemes during the last few years, is not encouraging. The investigation has generally been quite perfunctory, and the grasp of principle has, in many cases, been so weak, that the schemes have directly encouraged the class of deliberate casuals by offering two or three days' work a week.

The anxiety, however, with which many would regard a proposal to commit such difficult duties entirely to the discretion of fluctuating committees may be lessened by observing that the bill seems to be feeling the way to a second method of discrimination—that famous in the history of the Poor Law as the automatic test. One of the original features of the Mansion House scheme was the attempt to devise some such test, by imposing on those relieved conditions which they would only accept as a last resource. The wages were generous enough, but the unemployed were banished from the attractions of London to labour colonies in the country, and were only allowed to revisit their homes at periods at first of a fortnight, and later of a month. "It was hoped that the demand for steady work, and for temporary migration to the country, would prove a sufficient test of genuine distress."¹ Here we have an attempt to enforce the principle that "the position of those assisted should be less eligible than that of the independent labourer." The test was not strong enough to effect its purpose. Steps were taken to render it more severe, but at the same time the system of inquiry into character, which the scheme had been intended to supersede, was once again adopted. Nevertheless, the report concludes that an automatic test is absolutely essential to security. Hence, perhaps, the most important section in the bill is that which enacts that "the total weekly remuneration given for any temporary work shall be less than that which would under ordinary circumstances be earned by an unskilled labourer for a full week's work" (clause 1, sec. 5).

This provision will certainly be severely attacked. The demand for a trade union rate of wages has been continuously pressed throughout the agitation. The only resolution on the bill from a labour organisation that we have yet seen was passed by the London Trades Council, and urges that "the remuneration given . . . shall not in any case be less than the standard

or trade union rate of wages for the same class of work, or not less than sixpence per hour where no trade union rate exists." Much depends upon the courage with which the clause is interpreted. If the position of those who receive relief is to be "less eligible than that of the independent labourer of the poorest class" the payment to those in the London area must be less than eighteen shillings a week. This may be taken to be the lowest level touched by "genuine workmen usually in regular employment." Even then, if we take into account the preference for provided over self-sought work, the danger is still considerable. But it will be easy to interpret the clause so as to render it practically meaningless. For example, the men are, we presume, to be boarded and lodged at the farm colonies. Will the cost of this maintenance be calculated as part of their remuneration? In the Mansion House scheme the money actually paid in wages was, on the average, 13s. 11d. per week. But, as the expense of maintaining each man was 10s. 6d., the total remuneration was 24s. 5d.

Another question is suggested when we remember that in the two schemes which form the basis of the present bill, the wages increased with the number of children. Is this example to be followed? Such a system, administered on a national scale by committees which were either apathetic or amenable to outside pressure, might lead once again to some of the results of the unreformed Poor Law.

The second main difficulty which the bill has to meet, is to separate the "workmen usually in regular employment" from the casual and irregular class. Here there will still be a wide field for the discretion of the local and central bodies. They will, we presume, follow the example of the Mansion House Committee in requiring "proof of regular work at some fairly recent time," and this should not be very difficult to verify. Here also, however, much help can be obtained from some form of automatic test. The Mansion House Committee, by insisting that those relieved should work for a month at least under strict supervision, deterred many who were not accustomed to regular work. If means can be devised of overcoming the administrative difficulties of piece-work a still more effective test will be possible.

A great deal of criticism has been directed against the provision by which the adoption of the bill in the provinces is not compulsory. It has been pointed out that this will attract a stream of the unemployed into London. We presume that the central body will do what it can to guard itself, by refusing relief

to those who have not resided in London for a certain period. The dangers of the bill are certainly reduced by confining the first experiments to London. The members of the London central body, selected mainly from those holding responsible positions over a wide area, and to some extent protected by the largeness of this area from outside pressure, will probably command greater confidence than the provincial administrators. We hope, therefore, that their experience will suggest certain further safeguards which, if the bill is ever made compulsory throughout the country, will be fearlessly enforced.

The problems raised by the proposal to create new authorities in the sphere of local government belong to a different class to those which we have been discussing. We will conclude therefore by referring to a few points on which the bill is at present somewhat vague.

(1) It is difficult to decide whether the term "workman" is intended to include women.

(2) The number of members on the local and central bodies is not stated.

(3) Although we may perhaps assume that the members of these bodies hold office for three years, as this is the term for the councils and boards of guardians which elect them, the period is not distinctly defined.

H. B. LEES SMITH

CO-PARTNERSHIP IN HOUSING.

THE recent registration of the "Garden City Tenants, Limited," brings the number of Co-partnership Tenants' Societies up to five. The others are the "Tenant Co-operators, Limited (London)," the "Ealing Tenants, Limited," the "Anchor Tenants, Limited" (Leicester), and the "Sevenoaks Tenants, Limited"; and movements are on foot in other towns for the establishment of similar societies.

There seems reason to believe that these societies are meeting a decided want in connection with the housing problem, and that the foundation of another useful working-class movement is being laid. Modern industrial conditions make it very important that the worker should not, so long as he depends upon the ordinary employer or company for his wages, invest a large proportion of his savings in such a form as to compel him to remain in a par-

ticular place to safeguard them, or, if he moves, to do so at a great sacrifice. The results of the workman's thrift must be mobile, as well as his labour, if he is to get the maximum gain from his knowledge and industry. The ordinary method whereby a workman invests his savings in house property, viz., by buying his house through a building society, whilst it has advantages of its own, and will be preferred by many, is unsatisfactory for a large number of working men. In these Co-partnership Tenants' Societies a workman can obtain practically all the economic gain which arises from the ownership of his house, and, by taking as his security scrip for shares in an association of tenant owners, instead of a deed of a particular site and house, he shares the risks of removal with his co-partners in the tenancy of the estate. The value of accumulated savings is, therefore, kept up, and can be transferred, if desired, without the waste that accompanies the transfer of a deed. Interest on capital is fixed at about 4 per cent. to 5 per cent., and as any profit above this, after meeting the cost of external repairs, goes to the tenant, the system gives him a substantial interest in making the right use of the property he lives in, a great deal of waste being in this way prevented. Further, tenants having a substantial share in the capital of the society administering the property, have not merely a passing interest which ends with their tenancy; but, as shareholders, they are concerned in keeping up the permanent value of their capital.

The "Tenant Co-operators, Limited," was the first tenant owners' society to be registered. Established in 1888, it has acquired property to the value of £28,000. After meeting all fixed charges, creating a repairs reserve fund which now stands at £2,982, and paying interest at the rate of 4 per cent. on shares and loan stock, it has usually been able to allocate a dividend to the tenants on their rents. This amounted to 1s. 6d. in the £ for the half-year ending June 31st, 1904.

The "Ealing Tenants, Limited," was the next society of this kind to be registered. Established in the spring of 1901, it has, according to the balance sheet for the half-year ending December, 1904, built property to the value of £26,000. The rules of the "Ealing Tenants, Limited," differ in one or two important points from those of the parent society. For example, in the "Tenant Co-operators, Limited," a tenant shareholder is only bound to take up a £1 share. In the "Ealing Tenants, Limited," he must take up one £10 share, paying £5 down, and must continue to pay instalments until his fully-paid share capital stands at £50.

Again, every member of the committee of the "Ealing Tenants, Limited," must hold in paid-up shares £10 for each £1,000 of paid-up share capital, until the total amount of fully-paid shares in the society reaches £5,000. This insures that each member of the committee will have a substantial minimum sum at stake, and will feel the responsibility of administration. Then, with regard to the property, in the case of the "Tenant Co-operators, Limited," this is situated in five different places: Upton Park, Penge, Camberwell, Plashet, and Epsom. The property of the "Ealing Tenants," on the other hand, is on one estate, which makes the organisation of social life more possible. On the Ealing estate a library, a choral society, cricket and other clubs, and a discussion class have been organised by the tenant shareholders, and lectures are arranged from time to time. This society, after meeting all fixed charges and paying 5 per cent. on shares and $4\frac{1}{2}$ per cent. on loan stock, realised a fair profit on the working of the last half-year, but it has been decided to carry this to the reserve fund for the present. The society is negotiating for an adjoining estate, which will enable a much larger number of houses to be erected.

The "Sevenoaks Tenants, Limited," has started building, but is not so far advanced as the Ealing Society, whilst the "Garden City Tenants, Limited," has just commenced to build.

In these societies the share capital of the tenant affords a fund which can be drawn upon to meet any arrears of rent. Loss in this way, therefore, with careful administration, is practically impossible. Each tenant's share of profit or dividend on his rent is capitalised, up to the value of the house, as shares which bear 5 per cent. interest. Interest on capital being fixed, a rise in rents owing to the increased value of the property would mean an increased dividend on rents and a quicker capitalisation of the values of the houses by the tenants.

In order that the experience gained by one society may be taken advantage of by another, a central body, the Co-partnership Tenants' Housing Council, has been established in connection with the movement. Information as to the cost of production of different kinds of houses can thus be centralised and taken advantage of by each new society. Different designs of houses and the particulars of internal arrangements can also become the common property of the movement. Each of the existing Tenants' Societies has a representative on the executive of this Council, and the hon. secretary, Miss Sybella Gurney, of 22, Red Lion Square,

London, W.C., will be pleased to give further information as to the movement, either to possible investors or to those desiring to establish societies in their own districts.

HENRY VIVIAN

ROBERT OWEN AND COOPERATION.

THAT nearly fifty years after his death lives of Robert Owen should have appeared simultaneously in France¹ and Germany² indicates that the great Socialist is at last coming to his own. For his contemporaries his unpopular views on religion and marriage, his decline in later years into Spiritualism, and the extravagance of his Socialist schemes, completely eclipsed the reputation which he had won by his earlier labours in the cause of education and the amelioration of the conditions of work in factories. But it is now recognised in this country also that, his extravagance notwithstanding, the influence of Robert Owen was one of the great social forces of the first half of the nineteenth century, and that in great measure he owed that influence precisely to the unpractical nature of his proposals. For Robert Owen was essentially a dreamer, and it is ultimately the dreamers that move the world. M. Dolléans, whose book gives within brief compass an admirably just and sympathetic appreciation of Owen's life and work, has shown how to trace the dream to its source. Owen, in fact, derived his ideas from the French philosophers of the eighteenth century, through the medium of Godwin's *Political Justice*: Godwin, as is the wont of disciples, presented the views of his masters in a cruder and more exaggerated form, and Owen, a self-taught man, of no wide reading or culture, carried the process still further. But the essentials are there. To Owen, as to Rousseau, Man was a creature governed by reason, and by reason alone: Society, a mechanical product, which could be made and re-made at pleasure: and salvation was to be found in a return to "Nature." To quote M. Dolléans:—

"Cet appel à la raison et ce retour aux lois de nature, cette croyance à la possibilité d'une transformation immédiate et de toutes pièces de la nature humaine et de la société par l'application

¹ "Robert Owen," par Édouard Dolléans, *Bibliothèque Socialiste*, Paris, Librairie Georges Bellais, 1905.

² The Life by Fräulein Helene Simon was noticed in the last number of the JOURNAL.

quasi-automatique d'un système sont bien les traits qui caractérisent la pensée du temps. La même idée d'une simple réfection de la machine sociale, réfection suffisante pour réaliser le paradis sur la terre, se retrouve chez tous les entrepreneurs de reconstruction sociale, chez tous les philosophes sociaux de cette époque. L'origine de tous les romans sociaux, imaginés par des hommes qui se piquaient d'athéisme et de matérialisme, est dans une conception chrétienne qui s'est laïcisée . . . la culture de la vertu se fait mieux aux champs qu'à la ville. Dans l'imagination des philosophes sociaux, la représentation physique et morale de cet état de nature d'origine chrétienne se modèle sur le jardin du paradis terrestre, et l'innocence des premiers jours de la création."

The dream of the eighteenth century sentimentalists was modified in Owen's case by his experience as a successful manufacturer, and a fallacious analogy, based on that experience, inspired him with a persistent conviction of the practicability of the scheme of communal villages which outlived all demonstrations of its futility. For Owen was a dreamer to the last. The glittering vision of a whole planet partitioned out into quadrangular paradises, each with its sufficiency of well-cultivated acres, was always before his eyes : and he died at the age of eighty-seven believing still that the millennium was knocking at the door. His imagination had been entirely dominated by the enormous multiplication of productive power brought about by the mechanical inventions of his generation ; and he seems tacitly to have assumed that more inventions would be forthcoming which would in like manner multiply the productiveness of human labour when applied to the soil. The spinning jenny and the mule had enabled the men of his generation to spin fifty or a hundredfold the amount of yarn which their fathers could produce with their utmost toil ; and the further progress of invention would, he assumed, enable their sons to extract from the earth tenfold or a hundredfold the present harvests. It was this conviction, and the moral force of the man himself, which made Owen such a tremendous power in his day.

It was an ironical fate which made Owen the virtual founder of modern cooperation. The cooperators hail him as their master ; but the master would assuredly have disowned his disciples—did, in fact, disown them in his lifetime. It is interesting to trace the steps by which the prophet who preached a return to the land as the panacea for social evils, and pictured an ideal society in which there should be no more buying and selling, should come to be hailed as the founder of a huge trading concern, whose members reside in the large manufacturing towns, and whose yearly turn-

over is counted by millions of pounds. But, in fact, cooperation as now practised is only a bye-product of Owen's activity—a means to an end, which has grown to be an end in itself. Owen's own conception—founded on the scheme of the seventeenth century Socialist, John Bellers—for founding his quadrangular paradise was to form a joint-stock company, which should purchase land for the colony (about 1,200 acres), erect the necessary buildings, provide the stock and plant, and look for a five per cent. interest on their investment. The capital required was estimated at about £100,000, and for some years Owen, aided by the Duke of Kent until his death in 1820, endeavoured without success to raise this sum.

Meanwhile, however, some members of the working classes, inspired by Owen's teaching, started a more modest scheme on their own account. On January 22nd, 1821, a meeting was held in London of printers and others, at which the Cooperative and Economical Society was formed. Its "ultimate object"—to quote the Constitution¹—was "to establish a village of unity and mutual cooperation, combining agriculture, manufactures, and trades, upon the plan projected by Robert Owen of New Lanark." As a first step towards the realisation of the project, the Society proposed to secure suitable buildings—if possible, a whole street or square—somewhere in the London suburbs, in which the members might enjoy all the advantages of cooperation in household expenses and the care of their children, whilst still pursuing their ordinary occupations in the world outside. The scheme included the provision of a fund for those sick or out of employment; and Rule X. of the Constitution provided that "on the decease of a member his widow and children become members of the Society, without the payment of admission monies."²

The projectors estimated that by living together under a common roof, buying their own provisions, baking their own bread, brewing their own beer, and making their own boots and clothes, a society of 250 families would effect a saving of about £7,780 a year.³ Pending the issue of a search for suitable dwellings, it was resolved to commence at once the purchase of provisions wholesale, to be retailed to the members at five per cent. above cost price, so as to cover expenses.⁴ This arrangement appears to have gone on for some months, with great advantage to

¹ Reprinted in the *Economist*, 1821, Vol. I., p. 203.

Op. cit., p. 207.

Economist, Vol. I., p. 11. See "Industrial Cooperation," by Catherine Webb, Manchester, 1904, pp. 55-7.

⁴ *Economist*, Vol. I., p. 234.

the members, who were thus enabled to save about thirty per cent. in the cost of provisions. Finally, in the *Economist* of November 17th, 1821, we read that the Society has actually taken several houses at the corner of Guildford Street East, Bagnigge Wells Road, Spa Fields, and that two or three families have already gone into residence. In one house there was a large room to be used as a dining and committee room, which would, it was thought, hold one hundred persons.

It was decided, after some discussion, not to adopt a purely communistic basis, *i.e.*, not to pool the income of the various families. The original members appear to have been willing to take this step; but it was thought that the adoption of such a measure might deter others from joining. So a fixed charge for maintenance, to include rent, food, washing, and the education of the children, was decided upon. A single man or a married couple—for the wife, it was held, would repay by her labour the cost of her subsistence—were to pay 14s. 5d. a week, and a small additional sum for each child, so that a man, wife, and five children would pay 22s. 6d. The women would undertake all the domestic work, and those women who could be spared, together with the elder children, would accept paid work outside the Society, their wages being thrown into a common fund which would serve for the education of the children, and for the advancement of the communal life. When the children were capable of working five or six hours daily, it was considered that they were paying for their maintenance, and their parents were to be relieved of all charges on their account. Until that time the children were to be a common charge on the community, and their education its first duty. They were to be duly instructed, it is to be noted, in the principles of Christianity.

The members of the community were to have a common kitchen, to breakfast and dine in one large room at a common table; to have public rooms for reading and music; common nurseries and dormitories for the children; and generally, all the domestic arrangements were to be worked in combination.

The Society forthwith issued a circular, addressed to the neighbouring nobility and gentry, announcing that they were prepared to execute orders in carving and gilding, boots and shoes, clothes, millinery, umbrellas, hardware, including stoves and kettles, cutlery, painting on velvet, transparent landscape window blinds, bookbinding, and provisions. They hoped soon to open a school, to which children from the outside would be admitted at a small charge. A laboratory would also be fitted up on the premises for

dispensing medicines ; periodical visits had been arranged for from a medical man ; and it was hoped that a useful register would be kept, including vital statistics of all kinds.

At the end of the first week we learn, from a " Minute of the Congregated Families," that the cost of living, in comfort and abundance, had proved to be much less than the contribution exacted from the members.

The Society came to a premature end at the beginning of 1822 : the cause, as we learn from Southey, who gives a sympathetic account of the experiment in his *Colloquies*, being the lack of funds necessary for carrying on so extensive an undertaking.

After a few years Owen abandoned the attempt to raise in this country the capital necessary for his grand experiment, and in 1825 purchased the village of Harmony, Indiana, from the Rappites. Some of his Scotch disciples at the same time founded a communist colony at Orbiston, near Glasgow. One or two communist experiments on a small scale were projected in Devonshire and other parts of the country. A new London Cooperative Society, founded in 1825, was endeavouring to collect the £50,000 required for starting a community on an adequate scale near London. But meanwhile the conviction seems to have been steadily growing amongst the working classes that any attempts to better their condition must, to ensure success, originate with themselves. The apostle of the movement, after seven years' propaganda, had failed to raise in this country the money which he judged to be necessary for providing even one small instalment of the millennium, and was now giving his money and his services in the New World. The fund raised by the London Cooperative Society had amassed £4,000 only towards the necessary £50,000. Even if there were a sufficient number of wealthy men ready, like Owen and Combe, to come forward and risk their capital in undertakings of this kind, even then the rich philanthropists would naturally want to do the thing in their own way : " and since their way is not our way, there could hardly be that unanimity and boundless confidence in a community established by them that there would be in one founded upon a system of perfect equality, every member of which may say, ' this is ours, and for us.' " ¹

Some of the London Cooperators, therefore, began to consider amongst themselves whether a community deriving its capital wholly from the contributions of the members could not be established on a more economical basis than that projected by the London Cooperative Society. With this view there was founded

¹ *Cooperative Magazine*, I., p. 372.

in June, 1826, the Cooperative Community Fund Association, whose ultimate objects were identical with those proposed by the larger scheme. But the new Society proposed to raise a fund of £1,250 only, in fifty shares of £25 each. The shares were to be paid for by a minimum weekly contribution of 4s. from each member; it was further provided that though a member was at liberty to subscribe more than 4s. a week, he was not to look for any advantage as a consequence of such extra contribution. When £500 was accumulated—i.e., at the end of twelve months, if all the shares were taken up at once—it was proposed to take on lease the necessary land, and begin the erection of suitable buildings. It was anticipated that by the time the whole capital had been subscribed the buildings would be ready for occupation, and the colonists thereafter in a position to maintain themselves by a suitable combination of manufactures and agriculture. In April of the following year, 1827, the Society announced the formation of an auxiliary fund, to be supplied out of the profits of a trading enterprise carried on by members of the association. Their idea was, in fact, to found a general store or shop, where goods should be retailed to members, the profits going to the common fund. In the first instance, apparently, the idea was to keep in the store mainly articles manufactured by or dealt in by the members. But the advantages of procuring at wholesale price provisions and other goods of common consumption, and of thus intercepting the middleman's profits, soon became apparent, and the undertaking became a cooperative store in the modern sense. A few weeks later there was formed the Union Exchange Society with similar objects. The members agreed to meet together once a month at 36 Red Lion Square, the headquarters of the London Cooperative Society, and to sell to each other such goods as they could command. Ten per cent. was to be levied on the gross sales and handed over to a common fund, which, after the expenses of the meeting (1s. 3d. a night) had been paid, was to be divided equally amongst all the members present. The profits, it is explained, were to be divided amongst the members in the first instance, instead of being retained in a common fund, lest discord should arise by the introduction of new members, before the plans for the disposal of the common fund were finally settled. . . But the chronicler proceeds, "we shall in all probability, at, I hope, no distant day, determine to have a community." ¹

They began by selling tea, bread, flour, boots, shoes, clothes, umbrellas, carved and gilt articles, brass and tin ware. The

¹ *Cooperative Magazine*, II., p. 549.

gross sales for July, 1827, were £4 12s. 6d., for August £4 17s. 6d. In September, however, the sales amounted to nearly £7, and there was a marked increase not only in the members but in the number of articles on sale. Butter, cheese, bacon, and potatoes could now be procured in addition to the articles already enumerated.

Of the Union Exchange Society we hear no more after December, 1827. But a more long-lived society was the Brighton Co-operative Benevolent Fund Association, which was founded on much the same lines and at about the same time. In announcing its formation the Society defines its objects as follows:—" (1) To raise by a small weekly contribution a fund for the purpose of enabling proper persons to join cooperative communities, by giving the whole or part of the capital, as the circumstances of the individual may require; (2) to spread a knowledge of the cooperative system." ¹

In a few weeks the members numbered 150, and their contributions to the fund, at 1d. a week each, amounted, therefore, to 12s. 6d. a week. The members were all of the productive classes, and included agricultural labourers, carpenters, bricklayers, printers, cabinet-makers, turners, painters, gardeners, dress-makers, bakers, tailors, tinmen, copper-smiths, shoemakers, bookbinders, grocers, domestic servants, &c. By July they had hit upon a more rapid method of accumulating the funds required, and had started a trading association with capital in £5 shares, of which forty were taken up by the end of September.

In January, 1828, we learn that the numbers have increased to 200; that the members are looking out for a schoolmaster, and hope to educate all their children together. It is intended, as soon as the children are old enough, that they should be taught various branches of industry, for the benefit of themselves and the community. Finally, it is announced that "when they are able to afford it, which they expect to be in about a year, they will hire a farm with a purchasing clause, locate themselves, and live in a community." ²

From a sympathetic article published in the *Quarterly Review* for November, 1829, we learn some further particulars of this Society. Apparently the original members included, besides the artisans and working-men referred to, a few small capitalists, who took up several of the shares in the trading association. Differences

¹ Letter dated April 12th, 1827, published in the *Cooperative Magazine* for May, 1827, p. 225.

² *Cooperative Magazine* for January, 1828.

of opinion soon developed; the working-men were unanimous in their desire to carry out the original intention, and endeavour to found a community; the capitalists wished the concern to remain as a joint-stock trading association that they might continue to receive their profits. Eventually these latter seceded from the association, receiving back the amount of their original capital, but leaving the accumulated property to the would-be communists. The seceders built a fishing-boat with their capital, and were reported to be making a handsome profit out of it. The original Society, at the date of the *Quarterly* article, had, in addition to their shop, a garden of twenty-eight acres, and were about to open another shop to dispose of their garden produce. They were giving employment, as salesmen and gardeners, to seven of their own number. Ultimately they hoped to procure land and build on it a number of small houses, with a bazaar for their products in front. In the meantime, as they could not afford to risk their tiny capital, they had started a separate subscription fund for the benefit of the sick, and for the families of those who should die. The reviewer attributes the success attained by the Society mainly to the great care shown by them in admitting new members. The characters of all applicants for membership were closely scrutinised, and no drunkards or idle persons were admitted.

Two other societies with the same object were founded in 1828 at Brighton and Worthing respectively. Two years later, in 1830, the *Brighton Cooperator* chronicles 300 societies in the United Kingdom. None of these societies realised their ideal of forming a self-sufficing community living on their own land. But for some years to come the more ardent cooperators continued to keep the larger ideal in view. Thus J. Emerson, writing to Owen in February, 1831, describes the flourishing condition of the Co-operative Societies recently founded in Belfast, and adds, "there is a growing affection, a brotherly love amongst our members, which is manifested more and more every day, so that the happy moment, the wished-for object—community of property and interest—may not be so far distant as some would lead us to imagine."¹

In March of the same year James Quaterman, lecturing on cooperation at Wallingford, defines the principal objects of a co-operative society as follows:—To acquire useful and general knowledge; to raise a capital or fund of money by weekly subscriptions; to provide full employment for every able-bodied member of

¹ From the Owen correspondence now in the possession of the Co-operative Union, Manchester.

the Society; to provide for the sick and aged; and to provide education for all the children of the members, including the orphans.¹

So at the first Cooperative Congress, held at Manchester in May, 1830, it was resolved unanimously "that this congress considers it highly desirable that a community, on the principles of 'mutual cooperation, united possessions, and equality of exertion and of the means of enjoyment,' should be established in England as speedily as possible, in order to show the practicability of the cooperative scheme."

Further resolutions passed at the same congress dealt with the methods for raising the necessary funds for starting such a community.

But already the prospect of immediate profits was thrusting the distant ideal further into the background. In a circular to cooperative societies issued in March, 1831, prior to the third Cooperative Congress, which was held in April of that year, we read that "Great differences of opinion exist respecting the efficiency of the means hitherto made use of towards the attainment of a community, such means as trading societies, and employment of our members on a small scale."² And later on, as we know, the original object was altogether lost sight of. But it was the larger ideal set before the working-classes by Robert Owen which inspired the earliest cooperative societies; and without that larger hope it is probable that the cooperative stores, as we now know them, would never have come into existence. The earliest societies to assume the name cooperative were small associations of artisans and others, met together in the common hope of ultimately founding a community in which they could live together in fellowship, enjoying in common the whole fruits of their labour, islanded from the poverty and degradation around them, and leaving to their children an inheritance more precious even than this material well-being, in "minds and characters moulded by a rational system of education to the full stature of a man." To these early cooperators the word cooperation was synonymous with brotherly love; the petty trading profits were an earnest of liberty for themselves and their children; and the grocery store appeared as an antechamber to the millennium.

FRANK PODMORE

¹ From a handbill included in the Owen correspondence at Manchester.
From the Manchester correspondence.

DRESDEN WORKINGMEN'S BUDGETS.

THE Statistical Bureau of Dresden has published an interesting study of 87 workmen's budgets representative both of skilled and unskilled labour, and they are valuable for the light they throw upon the condition of the working classes in a large German town under modern industrial conditions. Of these 87 households, 2 consisted of one person only, 7 of two persons, 11 of three, 19 of four, 17 of five, 13 of six, 9 of seven, 3 of eight, 3 of nine, and 3 of ten persons. In the 85 households of two persons and upwards the yearly income varied between 700 marks (£35) and 2,040 marks (£102), the average being 1,200 marks (£60). It was found that in 39 cases no savings were possible during the year, but 45 heads of households reported surpluses, the amounts being less than £5 in 19 cases, and something over £5 in the rest. Seven families had aggregate savings up to date of £1, 7 had from £1 10s. to £2 10s., 5 had from £2 10s. to £5, 5 had from £5 to £10, 7 had from £10 to £25, 4 from £25 to £50, 1 had £60, 1 had £71 16s., and 1 had £175. On the other hand, 44 households reported debts, for the most part very small in amount, though in eight cases they ranged from £5 to £10, in one the amount was £12 15s., in another £14 10s., and in another £16 10s. It was found that on the whole a very high proportion of the income was consumed by rent, the average being 21 per cent. The families which paid least in proportion to income were those of unskilled workmen, and here the percentages were 8.1 per cent. and 9.3 per cent. In 9 cases the proportion was from 10 to 15 per cent., in 23 it was from 15 to 20 per cent., in 29 it was from 20 to 25 per cent., in 8 it was from 25 to 30 per cent., in 8 it was from 30 to 35 per cent., in 2 it was from 35 to 40 per cent., while in 2 other cases 41 and 48 per cent. of the total income respectively had to be paid in the one item of rent. It is noted that the highest relative payments in rent were shown by families with uncommonly small incomes. The investigation went into such detail that it included an inventory of the furniture and even the clothing, books and articles of luxury found in each household. Only in 19 households were there more beds than persons; in 36 the beds were just sufficient, or nearly so, and in 21 families there were not beds enough for the inhabitants. In 52 households there was but one toilet set, and one family was without washing

vessels altogether, while only 22 families had a duplicate set of these utensils. In 86 out of the 87 cases no gas whatever was used, but only lamps, of which 26 families only possessed two each. Small though these incomes were—it will be remembered that the average was only £60 for the entire household—wall decorations in the form either of pictures, photographs, or texts, were found in all but ten households, while 11 possessed musical instruments of one sort or another, and hardly any were without books of some kind. It is interesting to note what the Dresden workman, with his £60 a year, is accustomed to read. Sixty-three households had political works, 52 had volumes of *belles-lettres*, 45 had books on health, 41 had legal books, 36 had magazines, 32 had historical works, 28 had works on natural science, 24 had dictionaries, 16 had technical works, 16 had novels, 9 had books on economics, 6 had dictionaries of foreign languages, 8 had atheistic works, and 4 had geographies. In no single case were religious books discovered.

WILLIAM HARBUTT DAWSON

REPORT OF THE ROYAL COMMISSION ON COAL SUPPLIES.

THE volume and value of the trade in coal, together with the fact that coal is the only known large, trustworthy, and practicable source of physical power, make the Report of the recent Royal Commission on Coal Supplies of great interest and importance to us as a commercial and manufacturing nation.

The main directions of the inquiry were into:—(1) The resources of our coalfields. (2) Their probable duration. (3) The effect of the export of coal upon British consumers, and the Royal Navy. (4) The maintenance under existing conditions of the competitive power of our coal-mining industry with that of other nations. (5) Possible economies.

As regards the resources of coal, it is estimated that we possess:—(a) In seams 12in. thick and upwards, at a depth not exceeding 4,000ft., in proved coalfields, 100,914,668,167 tons. (b) Below the depth of 4,000ft., in proved coalfields, 5,239,433,980 tons. (c) In unproved, but likely coalfields at depths less than 4,000ft., 39,483,000,000 tons. 79·3 per cent. of the estimated coal above 4,000ft., in proved coalfields, is contained in seams 2ft. thick and upwards, and 91·6 per cent. in seams 18in. thick and upwards.

A further detailed statement gives the estimated lengths of life of the most important coalfields as follows :—

South Wales . . . 738 years.	Forest of Dean . . . 254 years
Staffs., &c. . . 450 „	Yorks., &c. . . 509 „
Northumberland . . 523 „	Durham . . . 155 „
Cumberland . . . 700 „	Lanark . . . 150 „
Ayr . . . 270 „	Lothians . . . 2,000 „
Stirling . . . 570 „	Fife . . . 930 „
Linlithgow . . . 373 „	

As far as a mean estimate is of value, we have, thus, enough coal to last for close upon 600 years. Of best steam coal, demanded mainly on account of its superior calorific value, but also on account of the valuable quality of smokelessness, by the Navy, the supply is estimated at nearly 4,000 million tons, over three-fourths being in seams 2ft. thick and upwards. The present annual output is about 18 million tons. Of this the Admiralty took in 1903-4, 1,117,000 tons.

These estimates, showing the coal physically available, that is, to the winning of which at the limit of depth of working taken, engineering skill and human endurance are equal, are highly satisfactory. But beyond the question of the physical availability of supply, is that of its economic, commercial availability. From this point of view, the glow of satisfaction at the possession of a 600 years' supply of coal is dimmed by the fact that it is the general opinion of the Commissioners that owing to physical considerations, it is highly improbable that the present rate of output can long be maintained; and that a time not far distant must be looked forward to when there will be a gradual decline. The chief consideration limiting the output in prospective is the increased cost of working at greater depths. As far as the possibility of winning the coal is concerned, the Commissioners were doubtless justified in placing the working limit at 4,000ft. There are, apparently, no insuperable difficulties in working at this depth; and providing ventilating currents are brisk, and the air dry, the necessary human labour is not too exhausting. Coal is now being worked at Pendleton at a depth of 3,500ft., and in a Belgian mine at a depth of 3,800 ft. A seam of the minimum thickness taken, viz., 12in., also represents a valuable amount of coal. But the working of coal at great depths at a profit which will admit of competition with foreign producers, working shallower or thicker seams, is a very different matter from the mere possibility of its working.

A close comparison of the future possibilities of competition with our foreign rivals is not practicable, as they have no such returns as these of our own to compare with. As bearing upon the point, however, whilst our own output has but little more than doubled since 1870, that of Germany has increased four-fold, and of America ten-fold. Such comparisons must not, unqualified, be taken as meaning too much. To arrive at their true value, many factors have to be taken into account, amongst them, as of first importance, the original volumes that have doubled, and increased four- and ten-fold. Still, the relative rates of increase are significant, in the bearing that readily available large supplies of coal have upon national power. That power is expressed, roughly, in :—(a) The direct profit from the sale of the exported coal; and the aid given to the shipping trade, both by cheap and easily obtainable bunker coal, and of coal to constitute return cargoes. (b) The value of coal for domestic, manufacturing, and commercial purposes generally at home.

Out of the total output of $230\frac{1}{2}$ million tons, in 1903, the amount shipped (including bunkers, and the coal equivalents of the coke and patent fuel shipped) was $63\frac{3}{4}$ million tons, leaving $166\frac{1}{2}$ million tons for home use. The total amount exported is thus, roughly, a quarter, and of that used at home, three-quarters, of the output. It is evident that the retention of the large volume of trade represented by the coal exported is of great importance. That importance is, further, to be fully gauged, not merely by the profits of mining, carriage to the port of shipment, dock working, shipping employed in conveyance to a foreign destination, and the wages throughout these operations, but also by the fact that the increased volume of the output represented by the amount of coal exported enables the whole output to be got more cheaply, from the fuller and more regular working of collieries, and the spreading of general and fixed charges over a larger tonnage. This is of moment to the home consumer, using three out of every four tons produced.

Hitherto we have held, and still retain, the leading place in the coal markets of the world; but competition is beginning to press hard upon us. Germany is active, has already scored against us in several Continental markets, and is making far-sighted preparations for further competition. America as a future competitor has also to be taken into account. The doubt as to the maintenance of our export coal trade appears to rest upon whether we can continue to produce and sell under the inevitable physical disadvantages of deeper and more costly working, at a price that

will admit of competition with German and American coal. The significance of the greater ratios of increase in the output of these two countries, compared with that of our own, must be frankly admitted. Still, we do not know how long these ratios will remain undisturbed. As the coals easiest and cheapest to work in Germany and America become exhausted, they, too, will meet with the same difficulties as we in maintaining their present high rates of increase in output. In the case of American coal, it will probably take a considerable time to overcome the heavy freight for the long distance it has to be carried to markets in which it would compete with British coal, and without the assurance of return cargoes. Several reasons for the present effectiveness of German competition are pointed out by the Commissioners; and some of these we should do well to note, and embody German practice more generally in our own. German coal is sold to a guaranteed analysis, washed, and graded to the particular sized lump which the customer finds best suited for his purpose. In regard to washing and grading, it is satisfactory to note that practice is improving rapidly in this country. Coal as well washed, and as carefully graded, can now be seen on the dock sidings at South Wales ports, as in the barges at Ruhrort, destined for conveyance along the Rhine and internal waterways of Germany to her consumers. But we have ample room for further improvement in this respect, as well as in the fuller and more scientific utilisation of small coal, in the manufacture of coke in modern ovens, and in that of briquettes, or "patent fuel."

The quality of coal has something to do with competition. Upon the whole this is in our favour. Some British coal, such as the best steam coal of South Wales, is far superior to any German or American coal, and will always command a ready sale, and the best price, in the market. After this undeniable best, the bulk of British coal is equal to German, but slightly inferior to the best American. The best American coal, however, is very tender and brittle, a quality not improved by the long sea voyage to European markets. The German gets far more value out of his coal than we do. But as competition becomes keener, the small British producer, however good his coal, who cannot afford the installing of the necessary plant (washing and sorting machinery, coke ovens admitting of recovery of by-products, &c.) for getting as much as possible out of the coal, will have to give way to large undertakings which can. This, in fact, is the course that things are taking at the present time, in obedience to the stress of the narrowing mar-

gins of profit in the competition, national as well as individual, brought about by the general progress of the world.

The Germans have recognised the gain of power in a large commercial engine, in their amalgamation of interests in the great Coal Syndicate. It appears to be clear that without its aid German coal could not have displaced British, as it has, in certain markets. It would perhaps be practicable for us, also, to regulate the production and sale of coal by a similar method; but whether it would be advisable to do so, looking at the coal trade as a whole, and the industries dependent upon coal, is questionable. Such a syndicate, in lowering the price of exported coal to meet foreign competition, could only do so at the expense of the home consumption, as is the case in Germany. This inevitable attendant evil in the wider field would be far greater than any direct gain in a field less wide. Important though the export trade is, the home consumption is very much more so. Upon the whole, we are superior to Germany from the absence of a coal syndicate imposing an artificial drag upon the greater volume of trade for the benefit of the less. But taking into consideration the importance of the export trade, both in itself and as an acknowledged means of reducing the cost of coal to the home consumer; taking also into account the naturally increasing keenness of competition in coal, and all that coal helps to produce, it is strange that such a weight should have been placed upon the coal trade of this country as the coal tax. A revenue for Imperial purposes must be raised, but surely it goes against all common-sense to cripple deliberately in its raising one of the main sources of that Imperial power which the revenue is designed to strengthen and increase. The evidence given before the Commission clearly shows that the tax has told against us in meeting the competition of our rivals, and will, as that competition becomes keener, increase the price of coal for home use. It has done so already, in curtailing the export by the amount that would have been added, were it not for the incidence of the tax.

But the permanent factors that will tell in the effectiveness of our future export trade, as well as in obtaining the cheapest home supply, are natural, and not artificial ones. The coal tax, for instance, can, and must, be repealed; and the operations of the German Coal Syndicate in regard to exported coal will be modified as soon as the home user finds that he is being unduly exploited for the benefit of the colliery proprietor and coal merchant. On the other hand, a permanent natural factor that cannot

be altered is the profitable availability, already referred to, of our coal, which under the present output, and conditions of competition, has a limitable range, in spite of an actual physical supply for 600 years. Other great unalterable factors are those due to progress in science and commerce. A ton of coal brought up out of the mine to-day is a very different ton to that of twenty years back. Instead of being roughly graded by its descent over the colliery screen into "large" and "small," the large wastefully burned and the small of little value, it may be graded into as many as three or four different sizes, all of which are economically consumed, and even the last fine dust made of some value. "It is an ill wind that blows nobody good," and our greater backwardness in this full utilisation of coal gives us a gainable margin which our German rivals have already covered. If we can hold our own—although perhaps barely so—with crude against refined methods, we should be able to more than do so when the increased profits from the adoption of the more refined methods are added—that is, until our output diminishes very markedly.

The changes due to scientific and mechanical progress now beginning to make their way in many directions are so important that they will profoundly affect the future use of coal in every direction. They will result in enormous economies. Whilst the user of coal who would expend trouble and money in promoting economy for an Imperial purpose, or for the benefit of his posterity, would need close searching for, it is otherwise when the economies to be promoted mean profit to himself. It means more than profit. Keen attention to the economies made practicable—not only to us but to the whole world—by the advances in science, means self-preservation itself in the struggle, from possession of the more powerful weapons. In illustration of what is meant by the new economies, half a dozen directions in which we consume coal, in which they will be applied, may be taken.

Approximately there were consumed in 1903 in millions of tons, in factories, 53; in domestic use, 32; in iron and steel industries, 28; at mines, 18; by gasworks, 15; by railways, 13. The average steam engine and boiler in use at factories and mines (with a total combined coal consumption of 71 million tons), need 5lb. of coal for each horse-power. (This figure has been held by some to be too high, but looking all round, and taking particularly into consideration the general wasteful conveyance of steam to isolated engines, it is probably not so.) The possibilities of saving by the introduction of the best modern engines and boilers may be brought home the more effectively, perhaps, by mention of the hard fact

that the consumption of coal, and of a low grade—practically “slack”—in a new hydraulic power plant recently installed at the Alexandra Docks, Newport, is well under 2lb. per horse-power per hour. Here at 2lb. of coal—and that low-priced “slack”—is a saving at once of over 42 million tons of coal, simply by the introduction of modern machinery—economical, in addition, not only in coal, but in every other direction. And when gas-engines, regarded as the most economical form of all heat motors, have been further perfected (and they are rapidly being improved), it is estimated that the present coal consumption will be reduced to as low as a little over a fifth of the present amount, that is, one pound of coal in their case will do the work of the average 5lb. now used. The wastefulness of small consumers, and a careless distribution of power, are condemned by the Commissioners. They point out the large percentage of waste due to engines being scattered over factories and workshops, with long ranges of pipes, and small, ineffective boilers. The use of oil and gas-engines, they say, is increasing, and far greater economies may be looked to from the general installation of central power stations.

Again, the value of the principle of centralisation of power production has also been proved up to the hilt, in the accurately compared results of practical working of the new hydraulic power station referred to above, with those of the four separate stations, of ordinary efficiency, formerly in use around the Alexandra Docks, which it superseded. The successful concern of the future will, unquestionably, be one in which the highest possible economies in the production of power are embodied. In all probability the last practicable scrap of power will be tortured out of coal in “producers,” for the manufacture of “power gas.” This, in gas-engines at a central station, will in turn generate a store of electrical power, which will be stored in the new accumulator coming, to be distributed, without loss, as a pliant and powerful force to points, however distant, at which mechanical force is needed. It is hard to determine which is the most important element in this cycle—the gas-producer, the gas-engine, or the electrical development. It should be noted in regard to the power gas producer, that it has the advantage, not merely of producing the maximum amount of power in the cheapest way from superior coal—which coal, nevertheless, would yield the same amount of energy by more wasteful processes of extraction—but that the fullest available power can be got from coal of so poor a grade as to be, without the use of a producer, unavailable as a source of power at all. When it is stated that good results have been got from coal with 30 per

cent. of ash, and that there is reason to believe that 50 per cent. of ash would not be prohibitive, we might surely suppose that we have come somewhere near the bottom limit of availability. But "producers" themselves are only in their infancy. What higher possibilities there are ahead of them, in increased efficiency—such as from the reduction of the present high percentage of inert gas in the power gas they produce—no one can foretell, but no one thinking of the past achievements of science can doubt. In all iron and steel industries carried out on modern lines, the economic value of gas furnaces, together with the fullest utilisation of the heat in metal once passed through the furnace, are fully recognised. More general adoption of the principles will result in a still further reduction of the 28 million tons of coal now used in these industries. Such a simple invention as that of the gas mantle has led to a great saving already in the coal used in gas making. Further improvement, in the shape of a less frail mantle, would mean at once the further economy due to its more general adoption; and it is only a question of time for the discovery of the needed, sufficiently rich, non-illuminating gas—that desired in the improved producer—for rendering such a mantle white-hot and light-giving. Whilst, owing to the particular conditions of movement, and limitation of space, together with the special character of the sudden demands made, in the generation and application of power in the locomotive—at least as we know it to-day—no very extensive economies in its coal consumption will probably be made for some years; the increasing electrification of suburban lines proceeding, in competition with the character of the tramway opposition, will result in a marked lessening of the total 13 million tons of coal used by railways. The general introduction of the large capacity wagon, where the character of the traffic admits of its use, will also result in a saving of coal, from the superior economy of hauling one heavy train of large capacity wagons over the cost of hauling the same weight in two trains—with the movement of the unremunerative tare of the smaller wagons thrown in as useless labour. Finally, in the 32 million tons of coal at present used for domestic purposes, there is promise of great saving from the gradual introduction of more scientifically constructed grates and fireplaces. The Britisher has his prejudices in favour of his ancestral, open and wasteful fireplace; and probably there is an indirect gain in it. When sitting in front of a large open fire, with its glowing cavities, its flames and flickers, thoughts come that will not come when looking at the handful of glowing coals in a patent grate. The result of the thinking may be far

more valuable than any saving in coal. Even without the thinking, there is the pleasure—which has a commercial value—and in any case, as pleasure, has to be paid for. Still, all the fires in the house need not be wasteful ones. One might be kept as a thinking fire, and to meet the sub-conscious demands of hereditary sentiment, and the others be economical. The certainty of vast economies, which must have the most pronounced and favourable bearing upon our asset of coal, is thus clear.

The Commissioners say, that in the past the introduction of economies has not tended to decrease the consumption of coal. But in the past no such economies as those now opening out have been possible. The increase in consumption in the past, too, spite of such economies as were introduced, has been due to the general expansion of British trade. From this point of view, even with all new economies, it would be far more satisfactory if the consumption of coal at home were still to increase, at the expense, if inevitable, of the export trade. Far better use up as much coal as is required in as much work as possible. It is the wiser plan to take the world as we find it, and make the most of its existing crude forms of power in building up, and perfecting, the higher form of power represented in a powerful, organic Empire, than to attempt to arrest such growth by conserving coal, a present means towards it, with a view to future, and more or less remote, possibilities. No one knows what the forms of power in, say, 500 years, will be. Possibly, if not probably, coal will not then be the chief, as it is to-day. At the same time it is the height of good sense to use our existing stores of power in the best and most economical manner.

It thus appears to be clear :—(1) That we have supplies of coal that, divided by the present rate of yearly output, would last a very long time—500-600 years. (2) Owing to physical considerations, the present output cannot, however, be maintained very far into the future. (3) The necessity for gaining that utmost out of coal, which we have not hitherto gained, is thus pressed closely home ; and would be to our direct competitive benefit in coal itself, as well as in every direction in which coal is used at home. (4) The benefits are to be gained, emphatically, and in the first degree, by readiness to keep pace with the progress of the age, leading to prompt adoption of all economical applications pointed out by advances in science. (5) As such applications will be practicable to the world at large, the fullest benefit in international competition will be derived by the nations able to offer the widest fields for their fullest and most complete adoption. In this, our Imperial

expansion, both in its extent and character, gives us the lead of the world.

The instinct of self-preservation will, in itself, doubtless, tend towards action upon these lines; but that instinct would be strengthened and rendered the more effective in proportion as the resultant effort is a trained one. The full effect of the trained force as a whole, can only be gained by training the individual units composing it, and the best way of doing so is by paying the utmost attention to the educational and instructional equipment of those who in the near future will be the leaders in the industrial and commercial world. Germany and America have already gained in the highest degree from this. We have not, but we may. Every young man aiming at command in the commercial world should have thoroughly ingrained into him in his school and college career, appreciation of the broad and permanent laws of commercial and industrial—as of all other forms—of progress. When, qualified by it, he comes to apply the necessary, additional, technical training he must gain in the colliery, manufactory, works or office, to suit the special direction in which he is going to work, he will be a trained power on the highest level. With coal, as with all else, he will deal in the most economical and the wisest way; directly to his own individual best profit; and, although less directly, yet more effectively, to the general benefit of the Empire, of which he is so valuable a unit.

JOHN MACAULAY

IMPROVEMENTS AND RENTABILITY.

THE reprinting of Malthus' pamphlet, "An Inquiry into the Nature and Progress of Rent," by the Johns Hopkins Press, under Dr. Hollander's able editorship, recalls attention to controversies of a past age, in which doctrines of permanent interest were involved. In discussing the influence of improvements in methods of cultivation, Malthus reaches the conclusion "that in the progress of cultivation and of increasing rents, rent, though greater in positive amount, bears a less and lesser proportion to the quantity of capital employed upon the land, and the quantity of produce derived from it."¹ This reduction is attributed to the need of recourse to inferior land, or the influence of diminishing returns on land already cultivated. It is,

¹ *An Inquiry, &c.*, p. 34 of original pamphlet; p. 31 of reprint.

indeed, admitted that the tendency of rents to decrease proportionately may be "counterbalanced, by extraordinary improvements in the modes of cultivation."¹ The contrast between these conclusions and that of Ricardo, "that, in a progressive country, rent is not only absolutely increasing, but that it is also increasing in its ratio to the capital employed on the land; . . . The landlord not only obtains a greater produce, but a larger share,"² is emphatic. The consideration of the passages cited suggested the application to the problem of the diagrammatic method, and, in using for that purpose what is known as the "integral" type of diagram, some features of the presentation of the case appeared to be distinctly clearer than when the ordinary type of diagram is used. This advantage may not be found by everyone, but there is little doubt that to some the diagrams employed below appeal more definitely and conclusively than do the usual rent diagrams, at any rate, for the particular problem here contemplated.

Fig. (i.) simply shows the method of presentation adopted. The curve is supposed drawn so that the ordinates qm , PN , pn , &c., represent the total produce obtained from an outlay of capital and labour, on the land in question, represented by Om , ON , On , &c., respectively. The diagram may be supposed to present the case of a particular farm, or of all the land of a country. The outlay may be measured in suitably chosen composite units of capital and labour, or in the money with which the services of those units may be purchased. In the latter case, the substitution of capital for labour, or the opposite, may be made without altering the number of units employed. The ordinates may, similarly, represent composite units of produce, or units of a representative kind of produce, or they may represent the money value of the produce. For some purposes the latter representation is useful, but the former will be supposed to be used in what follows. If, from the ordinate PN , the part NC be cut off so that the value of NC will just recoup the outlay ON , and the straight line OCE be drawn, cutting off md from mq and nc from np , md will just suffice to recoup the outlay Om , and nc will, similarly, just recoup the outlay On . The intercepts dq , CP , cp between the "expense-line" OE and the produce-curve, will represent the excess of return over outlay for the various scales of cultivation. If P be the point on the curve where the tangent is

¹ *Loc. cit.*, p. 30 of original, p. 29 of reprint.

² Ricardo's Works, Ed. McCulloch, p. 375. (Essay on the influence of a low price of corn, &c.)

duce relative to that of the labour and materials used in cultivation, or, briefly, a rise in price of produce. This means a reduction in the amount of produce needed to recoup a given outlay. In terms of the diagram, the expense-line OF is swung downwards into the position OE . If the tangents at Q , P , respectively be parallel to OF and OE , the rent is increased from DQ to CP , the intensity of cultivation being also increased in the proportion of OM to ON . The rent is increased absolutely, and the change in the proportion of rent to total produce is from

$$\frac{QD}{QM} \text{ to } \frac{CP}{PN} = \frac{ks}{sl} = \frac{ks}{QM}$$

where Qs , parallel to Ox meets OP in s , and the ordinate sl meets OE in k . The proportion of rent to produce is, therefore, increased or diminished according as sk is greater or less than QD . In the diagram, sk is clearly greater than QD . In so far as this can be regarded as a representative diagram, the increase of rent, as a fraction of the total produce, must be asserted.¹

Fig. (iii.) represents what is really the same case as Fig. (ii.), though seen from a different point of view. The increased efficiency of cultivating effort, unaccompanied by a change in the price of produce, substitutes the outer for the inner of the two produce curves. For any outlay ON , the return is NP in place of the former return NQ . In Fig. (iii.) there is considered a uniform proportion of increase of return, that is to say, the case in which the ratio of NQ to NP is the same for all positions of N , while in Fig. (iv.) variations from uniformity are examined. The expense-line OF is parallel to tangents at Q to the inner curve and at p to the outer. The rent DQ is increased to cp , and the intensity of cultivation from ON to On . Now suppose such a fall in price of produce that OF is swung upwards into the position OE , where $ND : NC = NQ : NP$. Then P will be the point the tangent

¹ Among forms of the relation between the ordinate and abscissa, which make the proportion of rent to produce diminish, an example is:

$$y^r = ax + bx^p$$

where $r > 1$ and $p < 1$, all symbols representing positive quantities. This relation makes $\frac{dy}{dx}$ positive and $\frac{d^2y}{dx^2}$ negative for positive values of x and y , and $y - x \frac{dy}{dx}$ is posi-

tive, while $\frac{d}{dx} \frac{y - x \frac{dy}{dx}}{y}$ is $\frac{-ab(1-p)^2 x^p}{ry^{2r}}$, clearly a negative quantity under the assumed conditions, when x and y are positive. If the produce-curve should take the shape corresponding to the given equation, in the neighbourhood of the points involved in the problem, increasing rent, forming a decreasing proportion of the total produce, would follow on a rise of price of produce.

at which is parallel to OE , since the ordinates to the outer curve are always the same multiple of those of the inner curve at the same abscissæ. The rent will now be CP , and $CP : PN = DQ : QN$. Thus the outer curve coupled with the expense-line OE gives the same results, so far as concern proportion of rent to produce, and the appropriate intensity of cultivation, as does the inner curve coupled with the expense-line OF . The change from inner to outer curve, retaining the expense-line OF , therefore, yields in these respects the same results as the change from the expense-line OE to the expense-line OF , using the outer curve as produce-curve in both cases. The problem reduces, therefore, to that previously discussed. It will be obvious that the results of a uniform raising of the produce curve may be very simply combined with a change in the price of produce. Thus, if the greater plenty, resulting from increased yield to unchanged effort, produce a lowering of price in exactly the proportion in which the supply is increased, rental and intensity of cultivation remain unchanged. If the price be lowered in a less proportion than the increase of supply, the case is like that of Fig. (ii.), swinging the expense-line to the right, *i.e.*, downwards; if the price be lowered in a greater proportion than that in which supply is increased, the case is that of Fig. (ii.), with a swing of the expense-line upwards.

Fig. (iv.) presents the case of a change of methods of cultivation which increases the return to a given outlay for some scales of cultivation, and reduces it for others. To avoid confusion, but one point of intersection of the thin and thick curves is shown. Change from the type of cultivating method supposed represented by the thin curve to that of the thick curve is improvement up to the point of intersection, but beyond that point the opposite.

In the figure there are drawn the common tangent $t_1 t_2$, to the two curves, and Oe parallel to it. Were Oe the expense-line, the rental would be the same for both curves, but the intensity of cultivation which would give that rental would be greater for the thin than for the thick curve. There are also drawn the ordinate pqn , which has the characteristic that the tangents at p and q are parallel, and Of parallel to those tangents. Were Of the expense-line, the appropriate intensity of cultivation would be the same for the two curves, but the rent would be greater in amount, and therefore in its proportion to produce or to outlay, for the thick than for the thin curve. Take any expense-line OE lying between Oe and Of . Let P, Q be the points on the thick and thin curves respectively where the tangents are parallel to OE , and let PCN, QDM ,

ordinates, cut OE in C , D . respectively. Then, clearly, the tangent at P lies farther from OE than does the tangent at Q , and CP is greater than DQ . But, since P is to the left of Q , NC is less than MD . Hence CP is *a fortiori* a larger fraction of NP than DQ is of MQ . If OE were swung upwards beyond the direction Of , Q would pass to the left of P , and, though CP would, for a time, still exceed DQ , MD would be less than NC , and might become less in a proportion greater than that in which DQ is less than CP . Then, the passage from the thin to the thick curve, a passage representing improvement, would be accompanied by an increase of rent, but a decrease in the proportion of rent to produce. A similar case is seen when OE is swung downwards beyond the position Oe . In fact, even before that limit is exceeded, the same can be seen. The results are, however, somewhat confused by the neighbourhood of the point of intersection. At the point t_1 the returns on the method of cultivation whose results are represented by the thick curve are better, so far as proportion of produce to outlay is concerned, than those represented in the thin curve. The opposite is true of the position represented at t_2 . There, the passage from the thick curve to the thin would represent improvement. When the direction of the expense-line lies between the directions of the tangents to the two curves at the point of their intersection, we have conditions illustrated by the case of Oe here considered, namely, that the intensity of cultivation giving the greatest net return for either of the two curves belongs to a point at which that curve shows better returns than the other for the same intensity of cultivation. We can hardly determine which is representative of improvement on the other for expense-lines within the limits thus marked out. Moving the expense-line still further downwards, PN moves up nearer to QM , until a second position corresponding to that of pqn is reached. In the figure, OP lies above OQ . At the point just indicated, OP would lie below OQ . At some intermediate point the *radii vectores* OP and OQ would coincide. This position it is which marks the passage from a rental for the thick curve which is a greater fraction of the corresponding produce than would be given by the thin curve for the same expense-line, to the contrary relation. For directions of the expense-line lying between that which makes P and Q lie on the same *radius-vector* from O , and that which is parallel to the tangent to the thick curve at the intersection of the two curves, we have improvement increasing rent absolutely, but decreasing it relatively to the total produce. If we may

suppose the curves to be continuously curved with concavity to the right, as in the figure, from the origin O outwards, corresponding conditions and limits can be found between O and pq , as stated in the course of the preceding discussion.

Any case of improvement in methods of cultivation not covered by Fig. (iii.) or by Fig. (iv.) singly can be represented by a combination of the cases in these figures. For the consideration of the problem presented in Figs. (ii.) or (iii.), substantially but one and the same case, as shown, the ordinary rent diagram may suffice, and may even be preferred to the type of diagram here employed. For the problems presented by Fig. (iv.), however, it is submitted that the ordinary diagram would not present the case as simply as the so-called integral diagram. Where the relation of the total produce to the consumption is such that no effect on price is likely to be consequent on the increase of supplies generally resultant on improved methods of cultivation, an absolute and relative increase of rent is indicated in Fig. (iii.). In Fig. (iv.) a relative decrease is shown for certain ranges of cases. Where a fall in price must be taken as consequent on increase of supplies from the land under consideration, the relative increase of rent will be partly, and may be wholly, neutralised, or even turned into a decrease.

A. W. FLUX

RECENT OFFICIAL PAPERS.

Report of his Majesty's Agent and Consul-General on the finances, administration and condition of Egypt and the Soudan in 1904. [C^d. 2409.]

OF special interest in Lord Cromer's latest annual report is the principle that "in deciding what general policy is to be adopted in countries such as Egypt and the Soudan, low taxation should be the key-stone of the political arch" (p. 117). The mass of the population would greatly prefer relatively slow progress in such matters as improved roads, streets, drains, &c., accompanied by low taxation (p. 21).

Report of the Registrar-General of Births, Deaths, and Marriages, in England and Wales (1903). [C^d. 2197]. 1905.

COMPARED with past periods, the marriage-rate per 1,000 living rose, per 1,000 adults not married fell. The birth-rate per

1,000 living, 28·4, is the lowest on record; per 1,000 women aged 15—45, the decline is even greater. The death-rate per 1,000 living, 15·4, is the lowest on record. The vital statistics of Continental countries show parallel movements.

Tenth Abstract of Labour Statistics of the United Kingdom, 1902—1904. [C^d. 2491].

THE Bulletin of the Bureau of Labour (Washington) for January, 1905, contains a communication from Carroll D. Wright, on the influence of trade unions on immigrants. The unions seek to prevent reduction of wages by organising immigrants; inspiring them with a discontent which tends to their improvement and “Americanisation.”

Report of the Commissioner of Corporations in the Beef Industry. Washington, 1905.

THIS is the first investigation of a trust carried out by the recently appointed Bureau of Corporations. Not that the idea of a perfect monopoly suggested by the word trust is proper to the beef industry. The six leading concerns slaughtered only about 45 per cent. of the total slaughter in the United States, some 12,500,000 head of cattle. The “big six,” however, slaughtered nearly 98 per cent. of all the cattle killed in the eight leading western packing centres. The investigation is directed to the prices of cattle and of beef, the margin of beef, and profits. The last two are by no means coincident, since only a part, some 54—57 per cent., of the carcase forms “dressed beef”; the rest yields only bye-products. The margin between live cost of cattle (per unit of weight) and the price of beef should in order to maintain a uniform profit, other things being equal, represent a uniform percentage of the live cost. The profits seem to be reasonable. For instance, in one year, for three companies an average profit was 80 cents per head of cattle, the total proceeds per head being \$51·28.; or 13·1 cents per hundredweight of dressed beef, the average net selling price of beef being nearly \$6·5 dollars. This computation—swelled by some little extras—is in accord with the fact that the profits of one company during the three years 1902—4 had in no case exceeded 2 per cent. of the sales. The profits of this company are estimated at about 12 per cent. upon that proportion of their capital stock which is assignable to

the beef industry. There is no evidence of over-capitalisation. It is remarkable that profits were very low in 1902, when prices of beef were very high. Profits do not amount to more than one-fourth of a cent per pound of dressed beef. The consumer gets his beef cheaper than he could have done if the business had remained in the hands of small concerns.

LETTER FROM JAPAN.

I.—Issues of War Loans.

DURING the first year of war finance, 1904, a public loan of 380,000,000 yen had to be raised. In February 1904, a loan of 100,000,000 yen, and in May another of 100,000,000 yen of Exchequer Bonds were issued at home, and a loan of 10,000,000 pounds sterling (97,630,000 yen) was issued abroad. Thus there remained 80,000,000 yen to be still raised. On the 12th of October 1904, the regulations relating to the third issue of Exchequer Bonds, were promulgated, the amount being 80,000,000 yen, the rate of interest 5 per cent., the minimum issue price 92, and the term of redemption seven years after the thirty-eighth year of Meiji (1905). On the 14th of November, the Banks of the Tokyo Bankers' Association, held their meeting and resolved to subscribe the same amount as before. The total subscription was 245,829,000 yen, being more than three times the required amount. When we consider that the consumption of luxuries had decreased, the amount of foreign trade was bigger than usual, deposits of all kinds increased, the rice crop was abundant, and most of the disbursements for war expenses were made at home, the result obtained is quite natural.

For the second year of war finance, 100,000,000 yen of bonds are now being issued on these conditions: 6 per cent. interest, issue price 90 and a term of 7 years. Up to the 1st of April, the total amount subscribed is 483,000,000 yen, of which over 76,000,000 yen are above the fixed price. The foreign loan raised in November 1904 forms a portion of the second year's finance. Twelve million pounds sterling was shared equally by England and the United States of America. This was issued at 90½ pounds sterling, 6 per cent. interest, 7 years term, being secured on Customs as next charge to the first foreign loan. Amount subscribed in London was about £80,000,000 or

thirteen times over and in New York about £45,000,000, or seven times over. The success of this flotation and especially the good-will shown by English and American capitalists, are highly appreciated throughout the country.

A circumstance which gave great satisfaction to the nation was the success of the third issue of the foreign loan in London and New York to the amount of £30,000,000, at $4\frac{1}{2}$ per cent. interest, twenty years term and £90 per 100, secured on the net profit of the Tobacco monopoly.

According to rumour it is said to be oversubscribed more than ten times in London, and six times in New York. When we compare the present conditions with those of the two preceding flotations, there is a great improvement, proving a steady advance of our credit abroad.

Out of the total amount of 571,000,000 yen to be issued for the second year of war finance, roughly speaking there remains only 60,954,000 yen. The second foreign loan yielded 117,156,000 yen, the fourth internal loan 100 millions, and the third foreign loan 60,954,000. Allowing for 117,156,000 yen the difference of the face value and the actual proceeds of the previous three internal loans and one foreign loan, which is 76,164,770 yen, the sum total is little over 137 million yen.

There being no difficulty about raising such a small amount and our people being eager to subscribe any amount of domestic loans, it may be said almost with certainty that the programme for the year is completed, leaving ample room for the years to follow.

II.—*The War and General Economy.*

Since the outbreak of the war, fully a year has elapsed during which hardly any disturbance has occurred in the general economy of the country. Not only was there a remarkable increase in foreign trade, but internal commerce, banking, prices, wages, rate of interest, all tend to show that no harm was done by the war. Distress or depression is nowhere to be seen. On the contrary purchase of materials for the use of war, swelled the income of many classes, and in many districts people are better off and trade is more brisk.

To prove this, a resort to figures may be the shortest way. For instance the total deposits of associated banks of Tokyo, Osaka, Kyoto, Yokohama, Kobe and Nagoya show a steady increase :

	Yen.
January, 1904	833,501,948
February "	830,941,032
March "	835,856,585
April "	834,068,574
May "	841,244,711
June "	841,801,287
July "	854,929,012
August "	846,429,139
September "	851,480,025
October "	851,799,162
November "	851,819,974
December "	858,042,292

A vast increase is also to be seen in Postal Savings :

	Yen.
January, 1904	81,270,029
February "	80,760,032
March "	81,011,614
April "	81,096,826
May "	81,532,617
June "	83,309,089
July "	84,495,260
August "	85,260,059
September "	86,447,479
October "	87,224,115
November "	87,776,593
December "	88,117,526

The increase in outstanding loans made by the Bank of Japan, proves that enterprise was not checked.

The same is true of the loans of the principal banks.

No great fluctuation in the rate of interest arose, as is shown for instance by market rates in Tokyo.

The amount cleared in the two principal Clearing Houses was much bigger than in the preceding year.

Market prices of Government bonds, and stocks, and shares of principal corporations underwent no great fluctuation.

Daily wages in Tokyo, for instance, when compared with the preceding year, have not much changed :

	December 1903. Yen.	Average in 1903. Yen.	June, 1904. Yen.	December 1904. Yen.	Average in 1904. Yen.
Carpenters.....	0·85	0·85	0·80	0·80	0·808
Sawyers	0·80	0·80	0·80	0·80	0·80
Plasterers	0·90	0·883	0·92	0·92	0·908
Tile-Roofers	0·70	0·717	0·75	0·70	0·708
Roofers	0·90	0·90	0·85	0·85	0·871
Shipbuilders.....	0·82	0·82	0·82	0·82	0·82
Printers	0·40	0·399	0·50	0·55	0·478
Brickmakers	0·80	0·821	0·78	0·85	0·756
Paperhangers	0·932	0·821	0·80	0·948	0·812
Shoemakers	0·50	0·517	0·50	0·55	0·517
Tailors (Japanese)...	0·85	0·629	0·45	0·85	0·567
Tailors (Foreign)...	1·10	0·85	0·70	1·10	0·883
Lacquerers	0·80	0·775	0·70	0·75	0·713

Labour seems on the whole to be well employed, many factories finding it difficult to get a sufficient number of hands.

According to the report of the Bank of Japan, it is true that prices underwent some slight increase, the average index number rising in Tokyo from 105.88 in January 1904 to 111.89 in December. (The average for October 1900 is taken as 100.) If, however, we eliminate prices of goods for the use of war, the rise becomes much smaller.

It may be noticed that the production of rural districts did not decrease but increased :

AGRICULTURAL PRODUCTS.

	1904. Koku. ¹		1903. Koku. ¹
Wheat	19,642,242	.....	13,545,105
Rice	51,401,997	.....	46,475,038
Spring Cocoon..	1,828,442	.....	1,659,688

Judging from these facts, general economy can safely be said to be healthy and hopeful.

III.—*Trade during the War.*

At the outbreak of the War in February 1904, our foreign trade was expected to be more or less disturbed. But the fact turned out to be quite otherwise, and excepting the trade with Russia and Manchuria, general commerce was not only not hindered, but made an unprecedented advance. Exports and imports in 1904 show a great increase compared with 1903, exports being about 29 millions yen, and imports about 54 millions yen, above those of 1903.

	Export. Yen.	Import. Yen.	Total. Yen.
1902.....	258,303,064	271,731,258	530,034,323
1903.....	289,502,442	317,135,517	606,637,960
1904.....	319,260,895	371,290,538	690,551,434

Although the increase of exports in such a great war may need some explanation (which lies in the extra diligence of the people), the increase of imports is a matter of course. However, when we take into account that the increase of importation was caused not only by the purchase of war materials, but also by the coming in of foreign rice as the result of bad crops of rice in 1902, and of wheat in 1903, as well as by importation of kerosene oil and sugar in anticipation of increased taxation, the change wrought on import trade by the war is not so great as may at first appear. Moreover when we go more fully into details and discern the constituent elements, we discover a great increase of manufactured goods on the export side and of raw materials or things

¹ One koku, a little less, than 5 bushels.

for the use of future production on the side of imports. This is a healthy symptom; and an excess of imports if it comes from such a cause, need not be lamented, but on the contrary must be taken as a sign of great progress and a steady growth of our national industry.

JIUCHI SOYEDA

TREASURY, TOKYO.

OBITUARY

ALFRED SPALDING HARVEY.

By the death of Alfred Spalding Harvey, at Highgate on March 10th, 1905, the Association loses not only its Honorary Treasurer, but also a firm friend and a good adviser.

Mr. Harvey was born on February 13th, 1840, at Colchester, in which town he was educated. In 1861 he took his degree at London University, and was appointed to the Paymaster-General's Office in the same year, being among the first to enter by competitive examination. He was in that office till 1876, when he was made Assistant Accountant to the Treasury, where he remained four years. In 1880 he became Secretary to Messrs. Glyn, Mills, Currie and Co., in succession to William Newmarch, the well-known economist.

After his death his friend, Lord Welby, sent a graceful remembrance of his work to the *Spectator* of March 18th, and has kindly assisted me by drawing up the memorandum which follows as to his official standing.

Lord Welby writes :—

“ Mr. Harvey, when a clerk in the Pay Office, attracted the notice of Lord Lingen, then Secretary of the Treasury, who marked him as a man of promise and ability, and when a vacancy occurred in the post of Assistant Accountant of the Treasury, recommended him for the post. He was promoted subsequently to the Chief Accountantship of the Treasury. I was then head of the Finance Department of the Treasury. Mr. Harvey thus became one of the staff of my department, and for many years I was in intimate relations with him, and year by year I had reason to appreciate more highly his remarkable ability. I found him not only a skilled accountant, but a man of culture, of broad

views, well read in economics and financial subjects, and interested in testing principles by the facts of practical financial business.

"When Mr. Newmarch retired from the banking house of Glyn, Mills, Currie and Co., Lord Hillingdon, then Sir Charles Mills, and Lord Wolverton, told me that they inclined to select his successor from the Civil Service if they could find a suitable person, and they asked me to suggest names. I gave them a list of five or six names, including that of Mr. Harvey, and we discussed them. Sir Charles Mills was then an active member of the Public Accounts Committee of the House of Commons. I was the standing Treasury witness before the Committee, and Mr. Harvey used to assist me before the Committee. Sir Charles asked me who it was that accompanied me to the Committee, because he had been struck by his readiness and knowledge. I pointed to his name on my list, and our conversation then chiefly turned upon him. Some days after Sir Charles called on me again. He told me they had made inquiries elsewhere, and finding my report of Mr. Harvey confirmed, that they had determined to select him as Mr. Newmarch's successor. I have every reason to believe that the partners of that great house were from the outset satisfied that in Mr. Harvey they had made a good choice. I know how highly Mr. Bertram Currie estimated him, and how intimate they became. Those who knew Mr. Currie are able to appreciate the value of such testimony to ability and character.

"Pleased as we at the Treasury were by Mr. Harvey's advancement, and by the compliment thus indirectly paid by the City to the Civil Service, we regretted greatly the loss of an officer who had already established a reputation in Whitehall, and who, we felt sure, would have risen to distinction under the State. He was constantly consulted by his old colleagues and chief, up to the time of his death, and his knowledge of what the French call 'high finance,' and the large experience of business which he acquired, added greatly to the value of his counsels. I am glad to have this opportunity of expressing my gratitude for the aid he gave me only last year, when the negotiations for the transfer of the Water Companies to the Metropolitan Water Board were in progress.

"After he left the Treasury the Government from time to time continued to employ him. They nominated him one of the Royal Commissioners who, under the late Lord Ridley, inquired into the organisation of the Civil Service. Again they requested him to serve on the Commission, appointed to report on Food

Supply in Time of War. His last act of business was an attendance at a meeting of this Commission only a couple of days before his death.

“ Mr. Harvey, though a decided Liberal, took no active part in ordinary politics. But when economic principles were at stake he fought vigorously for what he believed to be our true interest. Thus, when prominent politicians and a large and wealthy section of the City advocated a revolution in our currency system, and the adoption of the double standard, he joined with his chief, Mr. Bertram Currie, the Association for the Defence of the Gold Standard, and laboured zealously to warn the public against the dangers to which rash experiment might subject our commercial supremacy. Again, as a member of the Cobden Club he threw himself into the fight for Free Trade, and spoke and wrote for the cause with great clearness and force. It is difficult in a short summary of the facts of an official life to give an idea of the man as we officials knew him. He had a clear head, a good judgment, and ability to explain to others the reasons on which his belief was founded. He arrived at conclusions after much consideration, and these conclusions, once arrived at, became convictions which he held and taught with transparent honesty. The result was an upright and strong man who inspired those about him with confidence, regard and respect.”

My readers will join with me in thanking Lord Welby for supplying this description of Mr. Harvey's official career. No one else could have done so with equal knowledge or with more grace.

Mr. Harvey was greatly interested in the work of the Commission on Supply of Food in Time of War, to which Lord Welby has referred. More than once he expressed to me his anxiety at the present condition of agricultural England, in which his native county, Essex, had been one of the greatest sufferers, and of his regret that the rural districts, which had formerly been the backbone of the well-being of the country, should now be little more than the playground of the rich.

The position which Mr. Harvey held in the City was one he had eminently made for himself. He was a Fellow of the Institute of Bankers, to the Council of which he belonged, and he frequently took the chair at their meetings for the reading and discussion of papers. At these his criticisms and remarks on the papers read were singularly bright and lucid. The subjects discussed, whether it was the working of the Clearing House, the Supply of the Precious Metals or details of Banking, the consideration of Index numbers, the foreign exchanges, or any other topic, which

in the hands of others might perhaps savour of dryness, became, when he touched on them, brilliant and interesting.

Mr. Harvey's duties in the City were naturally mainly bounded by his work at Glyn's. He possessed the true business faculty which combines a high business judgment with a grasp of details which rendered his work most valuable. The letters received after his death testify to the sense of his abilities most warmly. Thus one who knew him in business writes: "He will be sorely missed in the City generally, where he was universally respected, not only for his character, but for his sound judgment in all matters financial and economic."

The friendship between him and Mr. Bertram Currie was very remarkable, nor less was the regard between himself and the other members of the firm of Glyn's. The staff honoured and respected him. In his dealings with them his personal qualities, his bright and genial disposition, his strength of character, and, above all, his interest in their welfare, rendered their reciprocal relations most cordial and enthusiastic. His position involved many difficult questions, but he was known to appreciate good work, while he was felt to be kind and considerate, and was valued accordingly. Nothing is more striking than the remembrance of many acts of kindness and the manner in which he was looked up to by men of every class, commemorated in his correspondence and in letters received since his death. Thus the few words with a thankful allusion to "his kindly letters in my own long illness," speak volumes as to consideration for others shown by a very hard-worked business man—the remembrance of his "high-minded strenuousness"—of "the sound and sensible advice he gave"—of his "strong and genial character"—such remarks as "he was not only a good speaker and talker, but a good listener, and this because he had the secret of sympathy. With all his gifts he possessed real humility, so it followed that his influence was great. I never heard so persuasive a speaker as he"—all join in the expression of "a great respect combined with affection."

Besides the position he held at Glyn's, Mr. Harvey was a director of the Kent Waterworks, and took an active part when the transfer of the London Water Companies to the Metropolitan Water Board took place. He was also a director of the General and Commercial Trust, but he was only appointed there in the summer of 1904, and hence he had little opportunity for the exercise of his ability in that position. Among other things, he was English Treasurer of the American Academy of Political and Social Science in England, Honorary Secretary to the Gordon

Memorial College at Khartoum, and was also on the Livery of the Goldsmiths' Company. In this capacity he served on the Jury for the Trial of the Pyx.

Mr. Harvey was President of the Highgate Literary and Scientific Institute, and contributed papers of great interest to its proceedings. Of these the address on the occasion of the completion of the fiftieth year of the institution, and the paper on "Exchange," including the Standard of Value, with remarks on prices from an early period, are good examples. He also read papers to the Highgate Friendly Discussion Society. The notes of two, those on "Socialism," and "What is Culpable Luxury?" showed that he bestowed as much pains on these as on his more serious business occupations. His loss to this Society, one of the oldest of its kind probably in the kingdom, will be great. It was the frequent remark of visitor and member alike that, while others discussed the subject in hand ably enough from one point of view, he alone could summarise the whole and present the question for the decision of members with all the threads unravelled, and all the issues stated.

He was very keen on discussing philosophic and religious questions in conversation, and two-thirds of the books in his library are of a religious or philosophic character.

His character was always marked by a strong sense of personal religion, never obtruded but ever present, and this, indeed, was the basis of his life. It was this which strengthened the calm and capable grasp of his daily duties and supported him in a career of constant stress, a career, moreover, which required the exercise of great talent and unerring tact. The remembrance of his genial and energetic life and his strong sense of duty will be a guide to many. Some have lost a relation, many more have lost the one adviser in whose judgment they could place absolute confidence, and still more have lost a friend who was ever ready to throw himself heart and soul into their concerns, entirely forgetful of his own, and to show them that sympathy and insight which it is only given to the few to be able to impart. Mr. Harvey was one of those really great men who do not live in the pages of history, but who nevertheless remind us that in the words of the poet, "we can make our lives sublime."

R. H. I. PALGRAVE

CLÉMENT JUGLAR.

THE economist, Clément Juglar, died suddenly on February 28th, 1905. He was born on October 15th, 1819. It is a far cry from one date to the other, nevertheless of him it might be said that he died young, so little had years withered the vivacity of his mind, or the susceptibility of his heart, or even the stability of his bodily health. To see him, short of stature with massive head, walking along the streets without aid of stick, still more to watch him speaking with the broad and facile gesticulation habitual to him, no one would have supposed him to be an octogenarian. And he would have been taken sooner for a Southerner than for a Parisian, yet he was born at Paris, and there he died, in his ancient house in the Rue St. Jacques, which stands unchanged amid changed surroundings.

The inquiring and observant disposition of our regretted colleague turned in the first instance to the study of medicine. He took his doctor's degree in 1846, scarcely two years before the Revolution of February. That revolution lent, no doubt, a different trend to his thought and life. His attention was drawn more and more to social maladies. Nevertheless, he never lost interest in those of the physical organism, and his medical studies certainly contributed to the success of his economic inquiries. His originality found expression in both channels. He is the only one I have ever heard praise the benefits of fever, and he once did it with such poetic eloquence that the passers-by stood still to listen.

His first appearance in print takes us back to 1851. In a series of notable articles published in the *Journal des Économistes*, he supported the Tariff Reform Bill brought forward by Deputy Sainte-Beuve. This involved an attack on Thiers, who quashed the Bill by his eloquent sophisms. A little later there appeared in the same review, over the same signature, a number of interesting observations on the movements in the population of France between 1772 and 1849, in which we may discern the germ of the future theory of crises. The author pointed out, even at that date, the correlation between demographic evolution and economic evolution, which formed the subject, only the other day, of the last lines which he committed to print.

In the *Annuaire de l'Économie Politique* for 1865, and in the *Journal des Économistes* of the same date, Juglar is already in close grip with that weighty problem, which never ceased to

haunt him. The crisis of 1857 was not likely to divert his attention from it. The Academy of Moral and Political Science having invited competitive essays on the subject, Juglar made response, and the Bordin prize was unanimously accorded to the luminous treatise which he published, in 1862, with the title, "Des crises commerciales, et de leur retour périodique en France, en Angleterre et aux États-Unis." The book is brief but conclusive. The second edition, which appeared in 1889, contains considerable, not to say excessive, elaborations. Our colleague himself regretted, when too late, that he had thus over-weighted his theme, and was considering the issue of a third edition approximating in bulk to the first.

The tendency in commercial crises to recur at equidistant intervals of time had already been noticed by other sociologists. Carey noted it in 1838; after him, in England, James Wilson, Dr. Hyde Clarke, Dawson, William Langton. In France, Coquelin in his book, *Le Crédit et les Banques*, published in 1848, affirmed the fact and commented on it. More recently we have had the curious hypothesis of Stanley Jevons, who believed he had discovered in the recurrence of sun-spots the first cause of the periodicity of economic crises.¹

On this subject Juglar succeeded in being more exact than Coquelin and less rash than Jevons. He admitted that there was a natural rhythm in the fluctuations of social life. But he acknowledged that this rhythm might become quicker or slower under different conditions. "We must not," he said, "fetter the oscillations of the tide of business by pre-determined formulas. We must recognise the full range of their elasticity. To fix the periodic recurrence of crises at five or at ten years would be to infer more than is warranted by experience." As a matter of fact the decennial period seems to be the usual term. After the crises of 1837, 1847, 1857, we find those of 1881, 1891, and 1900 or 1901. But between these two series there were shorter intervals; hence there is no hard and fast isochronism, while, at the same time, there is room to believe that, here too, the universal action and reaction, flux and reflux of nature expresses itself as the normal condition. Psychology, moreover, both individual and collective, reveals a series of alternating cur-

¹ It was through my having gently rallied the author of this fantastic theory in the *Économiste Français* (15 Feb. 1879), that I was drawn into amicable relation with this always ingenious and frequently profound thinker. Shortly before his tragic death, he wrote to me once more on the subject, in the firm conviction of the truth of his sun-spot theory.

rents. Every commercial crisis marks the close of a period of buoyancy and the beginning of a wave of depression. The annals of nations reveal epochs of optimism becoming general and, as it were, contagious. Affairs turn out as desired. Money is won; more money is won; and fancy suggests the figure that may yet be won. The economic pulse goes on energising in every channel—production, consumption, circulation, and, above all, speculation. What was at first the rebound of health becomes the throbbing of fever, attaining sometimes to delirium. The most unlooked for forms of enterprise are announced, and the riskiest ventures are taken up. Borrowing and lending heedless of resources goes on apace. Backed by credit and the gambling spirit, prices rise and rise, both on the Stock Exchange and elsewhere. Those who have bought in congratulate themselves; those who had sold repent and buy back. Bulling begets bulling, involving fresh accelerations in deals and exchanges. And so it goes, ever *crescendo*, till the day comes when the very excess of movement brings on a check, and when, there being none left to invest, those who have bought up at the highest figure are suddenly brought to bay. Panic spreads; credit shrivels swiftly; gold-reserves of banks are bombarded; the Bank rate shoots up. Those who have been involving themselves unrestrainedly are compelled to realise. *Sauve qui peut!* The hour of the fatal crash is at hand. All that was too artificial in the building crumbles away headlong; all that can stand is deeply shaken. Years are needed to liquidate it all, and thus the blind confidence that brought about the crisis gives way, as is natural, to an often excessive mistrust and discouragement. Depression reigns everywhere. But not for ever. Little by little we forget. We grow weary of quiet. The time comes when all is seen to be liquidated, and when the falling off in production has brought about in the market rebirth of needs that call for supplies. Men of business once more set about making money. They naturally enough find pleasure in so doing, and, the pace having been too slow, the temptation once more besets them to go too fast. And so the wheel turns again: the same competition, the same venturesomeness, the same entanglements. The situation is so far identical that the stages are likely to be at about the same interval. And thus history shows us the same phenomenon renewing itself at least twice, at most four times, a generation, say, on an average, three times. The decennial interval in crises is therefore no fiction, while at the same time it cannot claim to be a necessity of natural law.

Dr. Juglar's most original piece of work was his discovery of a kind of economic barometer in the balance at large banks, by which the fluctuations caused by crises are rendered legible by anyone. The two essential elements in this self-registering barometer are the bank bill book and the metallic reserve. When the curve revealed in the credit entries rises rapidly and the reserve curve falls correspondingly, then a crisis is imminent. The result of a crisis is the immediate inversion of these two movements. The bills and acceptances are absent; the bank cellars soon begin to be replenished. And when, at the end of three or four years, the gold and silver curve has risen high, and the paper curve has fallen low, it becomes a certainty that another period of inflation is about to set in. On an ever increasing scale these inverse fluctuations have constantly preceded and followed the crises of 1847, 1857, 1864, 1873, 1881, 1891, 1900-01. The graphic representation of the figures inscribed in the balance-sheet of the Bank of France, for instance (see the annexed diagram) vividly shows this law—a law the logic of which is clear enough, but which needed to be thrown into relief, and which our successors may as legitimately call Juglar's law as we have come to speak of Gresham's law. Many public and private disasters might have been avoided if this particular kind of meteorology had been generally understood and accepted. It is not only for Governments and great credit establishments to profit by it. Every individual who has circulating capital to administer would do well never to lose sight of it. Clément Juglar profited by it to the extent of millions of francs, for which he had no use, since his tastes were always simple and his life sober, but which at least bore witness to the truth and practical utility of his theory—the way, no doubt, in which that wealth afforded him the most satisfaction.

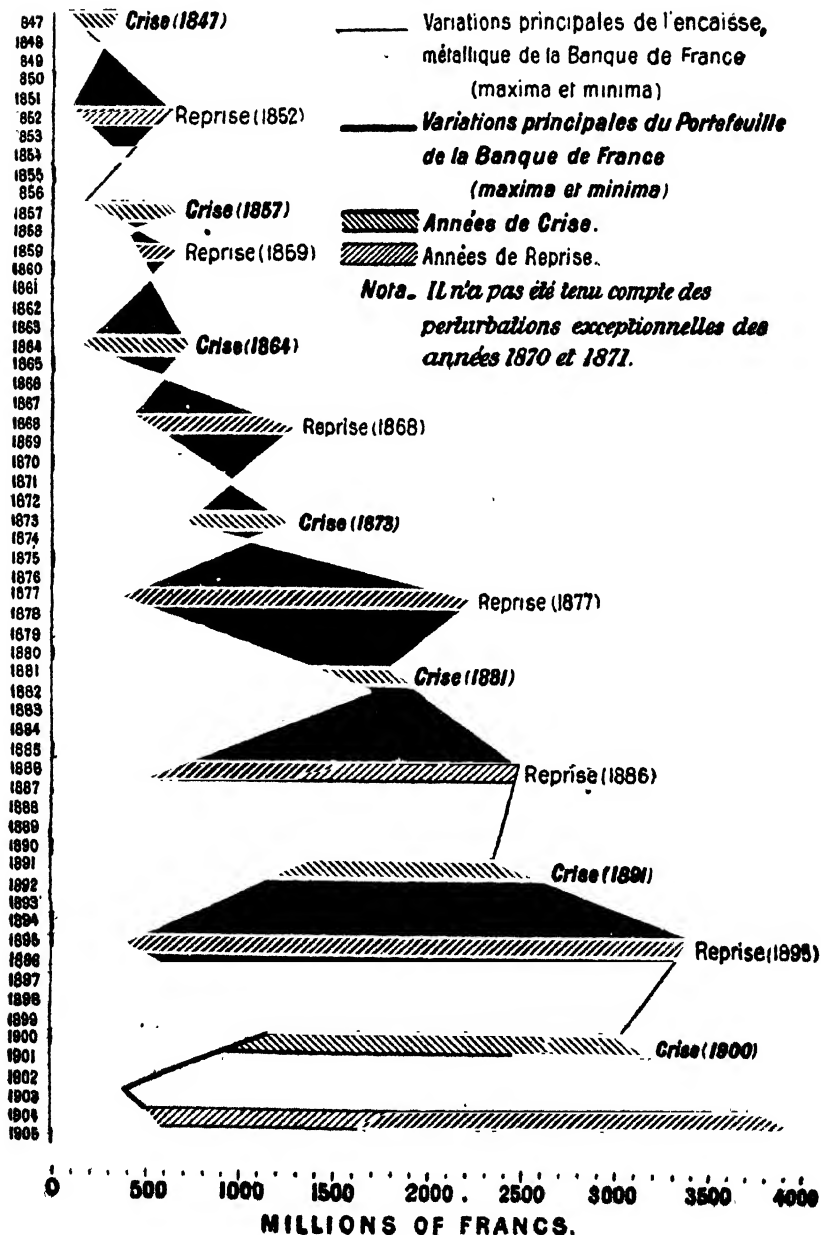
The remaining works of our deceased colleague are not of such high repute, and I will content myself with mentioning only the chief among them.

In 1865, as commissioned by the Bank of France, and in collaboration with Couillet, Juglar published, in nine volumes, *Les Enquêtes Parlementaires Anglaises sur les Banques d'Emission*, including the famous Bullion Report of 1810. This laborious translation was preceded by a preface which is a book in itself.

In 1868 appeared his *Du Change et de la Liberté d'Émission*, a notable monograph, in which he resumed, from a special standpoint, his observations on the mechanism of crises: inflation, panic, depression. He assigns a very limited range to the issue of

LOI DE CLÉMENT JUGLAR.

MILLIONS OF FRANCS
0 500 1000 1500 2000



banknotes, especially in districts where much recourse is had to running accounts. Here, too, he was among the first to point to the rate of exchange as the great regulator of fiduciary circulation.

This work won Juglar, for the second time, the title of Laureate of the Academy of Moral and Political Science. He became ultimately member of that body, in succession to Courcelle-Seneuil, on December 24th, 1892, in the section of political economy, statistics, and finance. He was vice-president of the Society of Political Economy; he had been president of the Statistical Society and the Society of Social Economics. He was also member of the Council of Historical and Scientific Works, and the International Institute of Statistics, created in London in 1885, numbered him among its founders.

Such was our departed colleague's career as economist. But those who knew him well, both in England and in France, would scarcely forgive me if I omitted to note here how this man of science was at the same time a man of character, of heart, and of faith. The integrity of his nature, the steadfastness of his dealings, the genial originality of his ways, endeared him to all. He was, besides, a thorough artist, and it was a pleasure, as I have myself experienced more than once, to visit with him fine views, antiquities or museums. He was never known to be angry except at those he called Vandals, including in his invective those who destroyed ancient masterpieces with those who unskilfully restored them. He possessed, in both art and science, a profound feeling for harmony and for evolution. In crises, even, he discerned a kind of Providential fatality. "Crises," he wrote, "like diseases, seem to be among the conditions of social existence. . . They may be foreseen, mitigated, evaded up to a certain point. . . But to suppress them has, for all his efforts and devices not been given to any man."

A. DE FOVILLE

DR. LEO PETRITSCH of the University of Groez, one of the most promising young economists in Austria, lost his life a few weeks ago by an accident while climbing in the mountains of Styria. His two books, *Die Theorie von der sogenannten günstigen und ungünstigen Handelsbilanz*, 1902, and *Zur Lehre von der Überwälzung der Steuern, besonders im Börsenverkehr*, 1903, are works of a gifted beginner, useful contributions to rather too much neglected theoretical investigations. Last year he studied in England the mechanism and working of the exchanges. He came back full

of the greatness of English economic life, which in his judgment needed the continuation of free-trade. He has expressed his opinion in an essay on Mr. Chamberlain's project, which will appear in the next number of the *Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung*. The contribution which he made to the fiscal question, by bringing to bear on it the experience of the Austro-Hungarian Empire (*ECONOMIC JOURNAL*, Vol. xiv., p. 24) will be fresh in the minds of my readers.

EUGEN VON PHILIPPOVICH

CITY NOTES.

WE receive the following "City Notes" from "R.G." :—

Money and Stocks.—Writing at the beginning of March for the last issue of the *ECONOMIC JOURNAL*, we had to notice a sudden improvement in the stock markets, especially in Consols, after a rather long period of depression consequent on bad trade reports and the anxieties caused by the Russo-Japanese war. The improvement had been precipitated largely by reports of peace negotiations, but was no doubt due in part to anticipations of a return to better trade and to cheap money. Since March the improvement has been fairly well maintained, but the buoyancy manifested three months ago speedily disappeared, a remarkable period of suspense following as the Russian Baltic fleet arrived in the China seas, and by its delays and uncertain movements threatened neutral relations. At the present time, however (beginning of June), business has returned very much to the conditions noticeable at the time of last writing. The great naval victory of Japan in the Korean Straits has removed the dangers and anxieties connected with apprehended violations of neutrality by the Russian fleet, and has given a valuable security to shipping and commerce all over the world. The clear victory of one side in the war has also put an end to apprehensions of the war itself spreading. Apart, therefore, from all anticipations that peace negotiations will be resumed, the tone of business, especially in the stock markets, is again cheerful and not depressed. Consols are once more over 91, while other stocks have improved greatly.

The Condition of Business.—As was pointed out in the last issue, it cannot be said that there is improvement in every trade, while it is also true that there is not full employment for a pen-

centage of workmen. But such great staple industries as the cotton trade of Lancashire and the export trades connected with them are doing well, although in the coal and iron trades and in shipbuilding there is no little complaint. These last symptoms are not inconsistent with a real improvement at bottom; and improvement in some directions having set in, it would not be surprising to find it extending to other trades than those where it first appeared, according to the usual law. Nothing has been more remarkable for many months past than the growth of the exports of British and Irish produce after a long period of depression accompanied by predictions of more depression. The experience is not unusual. Controversialists are apt to fasten upon certain causes which they distinguish as likely to produce permanent decay, but they forget the ebb and flow of business, and often mistake a temporary ebb for the permanent change which their theories lead them to expect. Experts, however, always look for a "flow" as well as an "ebb," whether the more permanent tendencies are to improvement or decay, and they are not surprised at the disappointment of the theorists who were over-confident that the beginning of the end had come to the export trade of the country.

Cheap Money.—The signs of the money market also continue favourable to trade prospects. If apprehension of international complications is really removed, still more if a peace which promises continuance is made, the condition of the money market might not long continue easy. Reviving trade would favour legitimate adventures as well as speculation, and increase the demand for money. But meanwhile the accumulations of deposits go on, and business men can rely on a short period of fair weather. The main point of danger, as we believe, is in America, where there have been one or two failures of a rather serious kind, and where for a good many years there has been much inflation. It must always be remembered also, as we have frequently remarked in these Notes, that in spite of the recurring depression of recent years, there has been no great panic or general clearing out of bad business such as experience has shown to be the common preliminary of a general and strong turn for the better. How far the incipient improvement now manifest will go is thus a matter for somewhat doubtful speculation.

The Budget.—An unexpectedly favourable Budget has confirmed the improvement so far, the revenue having come in, and

promising to come in, better than was generally expected. But the revenue of this country is something marvellous, and we do not know that the present experience is at all unusual. The Government has only to hold its hand in the matter of expenditure, and one year with another good Budgets in this country are certain. Too much, however, must not be expected from our own good Budgets in improving national credit. It is credit *generally* which is improved by the economies and good finance of a great country like England, and it may or may not be the case, depending on a great variety of conditions, that the special credit of a country with good finance improves in greater proportion than that of other countries.

R. G.

LABOUR NOTES.

THE Labour Gazette Chart showing the percentage of unemployed members of the Trades Unions making returns, reveals at last a fall in numbers that cannot be entirely explained by seasonal changes, and that appears to be one of several signs that the end is perhaps being reached of the long period of serious, though not critical, trade depression through which the country has been passing. The improvement is, however, very far from being general, and is in some trades not proving to be continuous. The percentage of unemployed is, moreover, still a high one, standing at the end of April at 5·6 as compared with 7·6 at the end of December, 1904, the maximum point for last year. The present figure of 5·6, although slightly lower than that of a year ago, is nearly $2\frac{1}{2}$ per cent. higher than the average for the last ten years. A new and useful feature has been introduced into the Chart showing the maximum and minimum points reached at the end of the various months, in any single year in the past decade, these points having been respectively, for April, 6·5 in 1895, and just above 2 per cent. (a figure that for this country may be accepted as perhaps a normal minimum in these returns) in 1899.

THE Trade depression of last year is reflected in the report of the Amalgamated Society of Engineers for 1904, showing, as it does, that during the twelve months the Society, although free from any great dispute, was only just able to maintain its financial position. The membership slightly increased during the year,

and numbered just over 96,000 at the close. The expenditure increased by £60,000 during the year, an excess that was mainly due to payments made to members out of work. The number of these, although showing some diminution, continues large in spite of the fact that it is almost mid-summer, and the figure for the whole country according to the last return was still 6 per cent. in this group of trades, or only '2 per cent. lower than for the corresponding period a year ago.

A CONCILIATORY spirit has prevailed in the South Wales Coal Field, and the compromise arrived at by the members of the Coal Conciliation Board on May 15th is welcome not only for the temper which it illustrates, but for the difficulties and uncertainties that are now avoided. The employers had given notice of the demand for a reduction of no less than $7\frac{1}{2}$ per cent. in the wage rate, and Mr. F. L. Davis, the permanent Chairman of the Owners' Association, was able in his statement to make out a strong case for the justification of this claim, alike on the evidence of prices and on that of the shrinking volume of trade. The result was an offer by the miners to accept a reduction of 5 per cent., and this compromise has been accepted.

AN interesting variation on the ordinary proposals for the legal regulation of the hours of working in mines has been introduced in the amendments under discussion in the Prussian Mining Laws. According to these proposals the limitation of hours is to be sanctioned according to hygienic requirements, and the test suggested is that of temperature, it being proposed that pits having a higher ordinary temperature than 22° Cent. ($71\frac{1}{2}^{\circ}$ Fahr.) should be restricted by law to $8\frac{1}{2}$ hours per day for three years from October 1905, and afterwards to 8 hours. It does not appear to be proved that in this particular case temperature determines hygienic conditions, the dryness of the atmosphere and the efficiency of ventilation being additional physical conditions of perhaps equal importance. But the Prussian proposal is nevertheless full of interest and may prove important, because of its fresh recognition of health as a guiding principle in this form of protective legislation.

THE summary of the results of co-operative trading for 1903 has been published in the *Labour Gazette*, but it is a matter for regret, since uniformity of returns tends to add so greatly to their

value, that the useful table that has made its appearance for some years past has been omitted. From the figures that have been published, it is seen that while expansion has been continual in every direction, it has been most marked in Ireland, where, however, operations are still, even when the remarkable development of cooperative Agriculture is taken into account, comparatively on a small scale. In Scotland, the scales of retail distributive stores have more than doubled during the ten years 1894-1903, and in the last year exceeded £12,000,000. In England and Wales the corresponding increase was 72 per cent., the considerable total of £45,000,000 having been reached at the end of the decade. Even more marked has been the advance during the same ten years of the sales of the distributive departments of the Wholesale Societies, these having more than doubled alike in England and Wales and in Scotland, and having nearly trebled in Ireland. During the period, the aggregate for the United Kingdom in this branch of cooperative enterprise increased from 12½ to nearly 26 millions, and, as is well known, these figures reflect also for a considerable expansion of cooperative productive effort.

ERNEST AVES

CURRENT TOPICS.

THE President of the Board of Agriculture has appointed a Committee to inquire into the results of the Small Holdings Act of 1892. We may remind our readers that a return made to the House of Commons in 1898 showed that between December, 1894, and June, 1897, only forty-five tenants had acquired land through the provisions of this Act. Private experiments are, therefore, likely to throw more light on the possibilities of this method of tenure, and the Committee is accordingly instructed to extend its inquiries to the efforts of individual landowners to establish such holdings. The Committee includes Major Craigie, Mr. Jesse Collings, Mr. Channing, Mr. Yerburch, with the Earl of Onslow of chairman.

ANOTHER Committee of some importance is that appointed by the President of the Board of Trade to inquire into the operations of companies "which collect periodical payments from the industrial classes in return for benefits promised in the future," and to report whether they should be restricted or supervised. The

Registrar of Friendly Societies and the President of the Institute of Actuaries have seats on the Committee.

THE International Association for Labour Legislation, formed in 1900, has established a British section, with Mr. Sidney Webb as President. The central office is at Basle, under the direction of Professor Bauer. The main purpose of the Association is to furnish its members with information respecting the labour legislation of each country. Reports have already been issued on dangerous trades and on night work for women. A monthly bulletin is issued containing the text of new labour laws. This however, is at present published in French and German only, but it is hoped that the demand for it in this country will justify an English version. In addition, the Association hopes to "promote, by international agreement or otherwise, uniformity in the laws affecting labour in different countries." The Hon. Secretary is Miss S. Sanger, Club Union Buildings, Clerkenwell-road.

A SOCIETY with a somewhat similar purpose is the British Institute of Social Service, which takes as its motto "the experience of all for the benefit of each." Its object is "to collect and disseminate information relating to all forms of social service and industrial betterment." A library is to be formed, lectures are to be arranged, and a monthly journal will be issued. The institute will also answer inquiries on topics coming within its scope. The promoters quote a letter of commendation from Professor Marshall. We hope that it will fill in this country the place occupied by the Musée Social in France. Its headquarters are at 11 Southampton-row, Holborn.

THE Socialist Library, of which the programme is before us, will aim at providing studies in Socialism, or from Socialistic standpoints, which will be stimulating to the Socialist movement, and which may do something to knit together the different sections of Socialist opinion and activity in this country. It will contain translations of the best works of foreign Socialists, as well as contributions from our own writers. The first volume (which is now in the press) will be an authorised translation of *Socialism and Positive Science*, by Enrico Ferri, Professor of Penal Law in the University of Rome.

A SERIES of lectures and conferences on social economics will form part of the University Extension summer meeting at Oxford. The subjects at present arranged include the Wage System, by Professor Chapman; the Poor Law and Charity, by the Rev. L. R. Phelps; the Unemployed, by Mr. C. F. G. Masterman and Mr. H. B. Lees Smith; the Housing Problem, by the Earl of Crewe; and the Temperance Problem, by the Earl of Lytton.

THE Charity Organisation Society has moved into a new home at Denison House, Vauxhall Bridge-road. The building offers accommodation to other societies occupied with social questions, and it is hoped that it will form a "charity centre," after the plan suggested by Borton.

AN international congress, which is characterised as *d'expansion économique mondiale*, will meet at Mons on September 24th, under the patronage of the King of the Belgians. The extension of civilisation ("expansion civilisatrice") to new countries forms part of the attractive programme.

THE philosophical faculty at Göttingen have proposed as the subject of a prize essay, *The British Sunday* ("Die Sonntagsruhe in England und Schottland"). "Trace the growth and estimate the social value of the custom," so we might summarise the searching questions which are proposed for discussion. The first prize is 3,400 marks, the second 680 marks. Further details could, no doubt, be obtained from the Dean of the Faculty, Dr. W. Fleischmann.

THE report on the beef industry in the United States, to which we refer on a former page, justifies the existence of the Bureau of Corporations, the recently created office of which it is the function to investigate the organisation and management of joint stock companies or corporate combinations engaged in commerce, and to make recommendations to Congress for the regulation of such commerce by legislation. The leading part in the investigation taken by Mr. Dana Durand—formerly Secretary of the Industrial Commission (U.S.A.)—is a guarantee of thoroughness. Hereditary talent is conspicuous in the Bureau. The Com-

missioner who is its chief is a son of President Garfield. A son of General Walker is on the staff.

THE annual meeting of the Royal Economic Society took place on the evening of March 24th, after a dinner at which the Right Hon^r. R. B. Haldane, K.C., M.P., presided. The remarks which the chairman addressed to the Society took the form of a philosophical, yet humorous, disquisition on the proper method of studying political economy. He complimented the ECONOMIC JOURNAL, as holding a middle course between the abstract and the concrete. In respect of economic theory it was best to be neither a sheep nor a goat, but an alpaca.

MR. F. W. BUXTON has been elected Treasurer, and Mr. Haldane a Vice-President, of the Royal Economic Society. The following new Fellows have also been elected: Professor A. Andreadès, Professor Marco Fanno, Mr. R. Mochiji, Mr. P. B. Moodie, Mr. G. Shann, Tewfik-el-Arab, and Mr. P. F. Tuckett.

RECENT PERIODICALS AND NEW BOOKS

The Economic Review.

April, 1905.

The Reform of Trade Union Law. W. H. BEVERIDGE. It is proposed to give trade unions much that they require, while withholding much that they demand. *Industrial Alcoholism.* Dr. W. C. SULLIVAN. Chronic intoxication is to be distinguished from convivial excess and guarded against as the greater evil. *The Province of Christian Ethics.* Rev. Prof. R. C. OTTLEY. *Some Social Conceptions Underlying the Fiscal Controversy.* Prof. S. J. CHAPMAN. Mr. Kidd, in his article on "The Larger Basis of Colonial Preference" in the *Nineteenth Century* (cf. *ECONOMIC JOURNAL*, XIII., p. 453), is mistaken in assuming that the objections to protection are derived from a conception of society as a mechanical system. *A Study on Exports and Imports.* R. E. MAGNACHTEN. "The subject of imports and exports has hitherto been treated on lines of pure guess-work." "There are two methods theoretically possible. . . . The one is that which I have employed—namely, of taking an imaginary case and analysing the figures so obtained." "The Cobdenite, but in my opinion the totally unscientific, explanation of the excess of exports over imports" is thereby refuted. *The Milk Trade from Within.* II. CHARLES HASSARD. "A douceur to the domestic is the only way of keeping the milk from going sour . . . the amount of 'grease' in the butter varies in inverse ratio to that which the dairyman places in the cook's palm."

Journal of the Statistical Society.

March, 1905.

A *Critical Examination of the Methods of Recording and Publishing Statistical Data bearing on Public Health.* R. DUDFIELD. *Estimates of Agricultural Losses in the United Kingdom during the Last Thirty Years.* R. H. INGLIS PALGRAVE, F.R.S. The decrease since 1872-77 in owners' capital and farmers' capital and profits amounts to £1,600,000,000. *Distribution of Women in Relation to the Birth-rate.* Miss B. C. HUTCHINS. When allowance is made for the decreasing proportion of young wives, the decline showed by the crude birth-rate becomes less steep. *The Statistics of Wages in the United Kingdom during the Last Hundred Years.* (Part X.) *Engineering and Ship-building.*

A. C. BOWLEY and G. H. WOOD. *Prices of Commodities in 1904*. A. SAUERBECK. The index-number for 1904 is 70 (for 1908, 69; 67 for 1895-1904).

The National Review.

March, 1905.

Man-power as a Measure of National and Imperial Strength. H. J. MACKINDER. *Commercial Strategy.* Captain G. C. TRYON.

April.

Fiscal Policy and British Shipping. CHARLES BOOTH, JUN. A strong indictment of "the Chamberlain policy."

The Monthly Review.

March, 1905.

An Empire in the Making. Sir V. CAILLARD. *Municipal Aspects of the Housing Problem.* B. TAYLOR. Reference is made to the Report of the Glasgow Municipal Commission.

The Independent Review.

March, 1905.

The Labour Movement in Russia. K. TAR.

The number for May, 1905, contains a manifesto on the taxation of rural land values, which has been circulated among Liberal members of Parliament.

The Telephone Girl is the title of an article in the April number of the *Women's Trade Union Review*, by CHARLES H. GARLAND, in which he maintains that women have a superiority over men as telephonists, in virtue of the higher pitch of their voice, to which the telephone diaphragm responds more accurately. Yet this indispensable class is the worst paid in the British post-office.

The Quarterly Journal of Economics (Boston).

February, 1905.

The Recent Economic History of the United States. A. D. NOGER. The revival of American industries is attributed largely to the demand for American wheat in 1897, owing to the failure of the crops in the old world. The "mania of speculation" in 1901 led to "recapitalising" industry. Companies were formed to hold the shares of other companies. Stocks and bonds were multiplied without any increase in real wealth. *Fetter's Theory of Value.* R. H. HOXIE. "The logical sequence and harmonious symmetry" of this theory afford a strong presumption of the truth. *Stockholder's Profits from Privileged Subscriptions.* T. W. MITCHELL. The value of the privileges given to stockholders in respect of subscribing new capital is estimated, and the methods of realising that value described. Privileged subscriptions are a better way of distributing a surplus than stock

dividends. *A Plantation Experiment*. A. H. STONE. *The Inheritance Tax in America*. H. A. MILLIS. *Professor Tuttle's Capital Concept*. IRVING FISHER. A reply to Professor Tuttle's rejoinder in the November number of the *Quarterly*. "That conception of capital, which is based on time relations," is not damaged by Professor Tuttle's arguments. "Peace is still possible, provided he will consistently treat what he calls 'present' not as partly future, but as all past."

Political Science Quarterly (New York).

March, 1905.

Our Monetary Equilibrium. HORACE WHITE. *Monopolistic Combinations in Europe*. FRANCIS WALKER. A comparison of the laws concerning combinations in the three chief commercial states of Continental Europe affords useful conclusions. *The Taxation of Franchises in California*. CARL PLEHN.

The Journal of Political Economy (Chicago).

March, 1905.

The Economic Situation in the Philippines. H. PARKER WILLIS. The introduction of Chinese labour would benefit American exploiters, but would depress the Filipinos. *The Present Legal Status of Organised Labor in the United States*. L. D. CLARK. *Beef Prices*. F. C. CROXTON. Written before the Report of the Bureau of Corporations (referred to on p. 283), this article deals with "natural conditions" (not trusts). *The Marginal Theory of Distribution* is defended by Professor Carver against Mr. Hobson and Professor Davenport.

The Yale Review.

February, 1905.

The Anatomy of a Great Railway System. H. T. NEWCOMB. *Workmen's Insurance in Germany*. N. PINKUS.

The Annals of the American Academy for March are devoted to municipal interests.

Journal des Économistes (Paris).

March, 1905.

La Création du grand livre de la dette publique (Suite et Fin). CH. GOMEL. *Les leçons de choses à l'Exposition de Saint-Louis (Fin)*. LABORER. *Mouvement scientifique et industriel*. BELLET.

April.

Les finances du Japon. K. KIJIMA. *Le budget de la ville de Paris*. E. LETOURNEUR.

May, 1905.

La Démocratie rurale. BONNARD. *La Mutualité pratique*. E. ROCHETIN. *La Grève de la Ruhr*. R. BOVET.

Revue d'Économie Politique (Paris).

February, 1905.

Psychologie des placements. R. LEVY. An inquiry into the motives of investors, why, e.g., a different capital value is paid for different shares with the same dividend. *La régime des Sociétés Anonymes et son évolution.* Dr. FRANZ KLEIN. A study on companies, continued from last number, leads to some practical conclusions, e.g., that the initiative of directors should not be too much restricted. *La rapidité de la circulation monétaire.* A. LANDRY. Rapidity of circulation defined as the number of exchanges effected by the same price in a given time is measured by the interval of time between outlay and preceding receipt. Accordingly, J. Bertrand's idea of all accounts being settled on the same day of the month (*Revue des deux Mondes*, Oct., 1881) is not appropriate. Marn and Tarde are also criticised. An increase in the rapidity of circulation by leading to a diminished production of precious metal may result in a loss of utility [?].

March.

Le rôle du Capital dans la viticulture languedocienne. MICHEL AUGÉ-LANBÉ. *Deux sophismes Économiques.* The opposite sophism of Bastiat and Rodbertus with respect to the labourers' proportionate share of the national dividend—that it continually increases, or decreases—are condemned.

April.

Études sur l'histoire économique de l'ancienne France. H. HAUSER. *Les sociétés co-operatives de Consommation en Hongrie.* COMTE J. DE MAILATH. *Le municipalisme et le Conseil d'État.* A. MALER.

Les discussions sur l'ordre naturel au XVIII^e. Siècle (Suite). B. RAYNAUD. The work of the physiocrats is considered in this sequel to the article in the March number.

In the *Revue Economique internationale* (Paris) may be noticed *La réforme des octrois en France* (Feb.), by Prof. A. LIESSE, an estimate of the advantages—not unmixed—attending the introduction of octrois; *Comment on fait un Journal à Paris* (April), by PIERRE MILLE, showing how a newspaper is produced and paid for in Paris; *Le retour à la terre* (May), a chapter from a forthcoming work by M. JULES MELINE, directed against M. Vandervelde's *L'exode rurale*.

L'Economiste Français for March 25 gives the statistics of gold production for the last few years, detecting "a certain tendency to stagnation" in the figures (all but those relating to Africa). In the issue of April 15, the English financial statement of 1905 is compared with the French "exercices" to the disadvantage of the latter, which have contrived to omit expenses averaging per year some 125 million francs.

Bulletin de l'Institut international de Statistique. The third "livraison" of the fourteenth volume contains estimates of

national wealth, by A. WAGNER, A. de FOVILLE, YVES GUYOT, and others. Prof. SCHMOLLER contributes a paper on the historic movement of wages from 1800 to 1900 and the causes thereof.

Jahrbücher für National Ökonomie (Jena).

March.

Die Entwicklungsgeschichte einer Amerikanischen Industrie. H. LEVY. *Das Eisenbahnwesen in den Vereinigten Staaten von Amerika.* BLUM.

April.

Die Reform der kommunalen Finanzwesens. M. MEILING. *Die Uebervölkerung Deutschlands.* F. GOLDSTEIN.

Archiv für Sozialwissenschaft und Sozialpolitik. Band XX., Heft 3. A weighty article by Professor COHN on the scientific character of political economy, discusses the possibility of distinguishing between ethical ideals and economic facts. (*Zwischen dem Scienden und dem Seinsollenden.*)

The *Zeitschrift für Volkswirtschaft* (Vienna), 1905, Band XIV., Heft. I. und II., contains an important article on *Transportation*, by Professor PHILIPPOVICH. Dr. Robert Meyer answers in the negative the question whether the total house tax (*Hauszinssteuer*) can be broken up into two (*Mietsteuer* and *Hausgrundsteuer*). *Städtische Bodenpolitik* in old and recent times is the subject of an article by K. THEODOR and INAMA STERNEGG.

Giornale degli Economisti (Rome).

February, 1905.

La dottrina della colonizzazione sistematica di E. G. Wakefield. R. DALLA VOLTA. *A proposito di un istituto internazionale permanente di agricoltura.* M. PANTALEONI. King Victor Emmanuel's proposal to create an international agricultural institute (referred to in the last number of the *ECONOMIC JOURNAL*, p. 136) is eulogised in glowing terms, which illuminate neighbouring topics, such as agricultural credit. *Breve nota sull'evoluzione della famiglia operare nel biellese.* E. SELLA (supplementing the article on the wool industry in the county of Biella, *Giornale*, 1902). The family till lately was organised patriarchally, the head of the family receiving from the members contributions, which he distributed, not according to the amount contributed by each, but according to the need of each.

March.

I diagrammi a scala logaritmica. R. BENINI. *L'ultimo progetto di legge sulla contabilità generale dello stato.* F. COLLETTI. *Il costo di produzione dell'uomo e il valore economico degli emigranti.* F. COLLETTI. The attempt to estimate the loss sustained by a country through emigration is unfavourably criticised. *Il credito agrario in Italia.* T. MOLINARI.

April.

Il costo di produzione dell' uomo e il valore economico degli emigranti. V. PARETO. The problem of emigration put by Prof. Colletti in the March number is but a particular case of the general problem of economic equilibrium. *Il metodo nella statistica delle migrazione periodiche interne.* L. MARCHETTI. *La casa del pane.* V. RACCA. The title is that of a work by G. Sangiorgi, proposing radical reforms in the production and distribution of bread—proposals which are here criticised. *Della convenienza di studi sulla vita economica e sociale della Sardegna.* F. COLLETTI. Sardinia presents economic peculiarities well worthy of study. *Il panificio municipale di Catania* P. CICERO.

La Riforma Sociale (Turin).

May 1905.

Il dazio doganale sul grano e il consumo del vino. F. COLLETTI. The abolition of the duties on corn will not diminish, as alleged, but increase the consumption and production of wine. We are compelled by want of space to pass over many of the articles in this monthly; for instance, in the April number, the useful summary of the papers contributed to the *ECONOMIC JOURNAL* on the Housing Question by Prof. W. Smart (December, 1904) and Mrs. Lettice Fisher (March, 1905).

NEW BOOKS.

ALDEN (P.). *The Unemployed.* London: King. 1905. 8vo. Pp. 199. 1s. 6d.

BAKER (JULIAN L.). *The Brewing Industry.* London: Methuen. 1905. Pp. 178.

BRIGHT (CHARLES). *The Locomotion Problem.* London: P. S. King. 1905. Pp. 75.

BROWN (C. A.). *A History of Accounting and Accountants.* Edinburgh: Jack. 1905. Pp. 459. 10s. 6d.

[The work of various authors besides the editor.]

CHAPMAN (Prof. S. J.). *Some Aspects of the Theory of Wages in Relation to Practice.* (Read before the Manchester Statistical Society, January, 1905.) Manchester: Heywood.

[Of considerable scientific interest.]

COBDEN CLUB. *The Burden of Armaments: a Plea for Retrenchment.* London: Unwin. 1905. 12mo. Pp. 228.

[A study of the growth of military and naval expenditures in Great Britain since 1884.]

COGHLAN. *A Statistical Account of Australia and New Zealand, 1903-4.* New South Wales Government. 1905. Pp. 1042.

COMPTON (HERBERT). *Come to Tea with us.* London: Simpkin. 1905. Pp. 124.

[The objects of the Anti-Tea-Duty League are set forth attractively by its organising secretary.]

CO-OPERATIVE CONGRESS. Sixth Congress of the International Co-operative Alliance, held at Budapest, September, 1904. London: International Co-operative Alliance. 1905. Pp. 607.

CUNNINGHAM (REV. W.). The Rise and Decline of the Free Trade Movement. 2nd Edition. Pp. 212.

[The second edition is augmented by two lectures on "The Real Richard Cobden and "Back to Adam Smith."]

DRAGE (GEOFFREY). Trade Unions. London: Methuen. 1905. Pp. 203.

FRASER (MALCOLM A. C.). Western Australian Year-book for 1900-03.

[The Registrar-General of Western Australia has here put together very interesting statistics.]

FUCHS (CARL JOHANNES). The Trade Policy of Great Britain and her Colonies since 1860. Translated by Constance H. Archibald, with a preface by the Right-Hon. J. Parker Smith. London: Macmillan. 1905. Pp. 413. 6s. net.

HATCH (E. F. G.). In Support of Free Trade. London: P. S. King. 1905. Pp. 88.

["A résumé of the main arguments."]

HAYWARD (T. E.). An Improved Method of constructing Shortened Life-tables for Public Health Comparative Statistics. Cambridge University Press.

HIRST (F. W.). A Preface to the Budget: How to Save, How to Spend, How to Tax. London: "Speaker" Publishing Co. 1905. Pp. 84.

[To save by avoiding wars, to spend on the control of natural monopolies (canals, forests, &c.), to tax licenses and land values—these precepts are trenchantly inculcated.]

JEVONS (W. STANLEY). Principles of Economics, a Fragment of a Treatise on the Industrial Mechanism of Society and other papers. Edited with a preface by Henry Higgs. London: Macmillan and Co., 1905. 8vo. 10s. net.

KELTIE (J. SCOTT). The Statesman's Year-Book, 1905. London: Macmillan and Co. 1905. Pp. 1424. 10s. 6d. net.

[The difficult task of improving upon his former issue is again performed. For example, the Commerce of Australia is now given under the "Commonwealth" collectively, exclusive of Inter-State trade, in addition to the Trade Statistics of the various States.]

KNOOP (D.). Industrial Conciliation and Arbitration. London: P. S. King and Son. 12mo. Pp. 241. 7s. 6d.

MATHESON (EWING). The Principles of Foreign Exchange, as affecting the Preferential Trading with the Colonies proposed by the Right Hon. J. Chamberlain. London: Spon. 1905. Pp. 54.

[The ex-President of the Leeds Chamber of Commerce is a decided Free-Trader.]

METHUEN (A. M. S.). England's Ruin: Discussed in sixteen letters to the Right Honourable Joseph Chamberlain, M.P. London: Methuen. 1905. Pp. 127.

[An uncompromising defence of Free Trade.]

ODLUM (G. M.). *The Culture of Tobacco*. London: British South African Co. 1905. 8vo. Pp. 185.

[Based on an investigation in the United States.]

PERRIS (G. H.). *The Results of the Sugar Convention*. London: Cobden Club. 1905. Pp. 88. 2d.

PIGOU (A. C.). *Principles and Methods of Industrial Peace*. London: Macmillan. 1905. Pp. xx. + 240. 3s. 6d.

PRATT (E. A.). *Railways and their Rates*. (With an appendix on the Canal Problem.) London: Murray. 1905. Pp. 361. 5s.

SEEBOHM (F.). *The Tribal System in Wales*. 2nd Edition. London: Longmans. 1904. Pp. 127.

[An introductory note on the unit of family holding under early tribal custom. Justifies the reprint without material revision of a work published in 1895, reviewed in the *ECONOMIC JOURNAL*, Vol. V. 589.]

SHERARD (R. H.). *The Child Slave of Britain*. London: Hurst. 1905. 8vo. 6s.

[A study of the evils of child labour in various towns.]

Technical Education for Women and Girls at Home and Abroad. Published by the Women's Industrial Council. 3d.

[Suggestions for improvement are based on a survey of technical education in different countries.]

WHELPLEY (J. DAVENPORT). *The Problem of the Immigrant*. London: Chapman and Hall. 1900. Pp. 295.

ADAMS (T. S.) and SUMNER (HELEN L.). *Labor Problems*. A Text-book. New York: Macmillan. 1905. 8vo. Pp. 577. \$1.75.

[Mr. Adams is Assistant Professor, Miss Sumner an honorary Fellow, at the University of Wisconsin.]

American Economic Association. *Papers and Proceedings of the Seventeenth Annual Meeting*. New York: Macmillan Co. Part I. Pp. 226.

[Specially notable are Prof. Taussig's Presidential address (reviewed above), and the paper on *Credit and the Value of Money*, by Mr. A. Piatt Andrew. The latter discussing the conditions under which credit influences prices, the factors which limit its extension, denies that bank credit and other "postponing devices," except when they increase by ever increasing increments, raise prices; the theory that bank credit can be extended up to the value of the borrower's goods is not only untrue, but impossible, since the value of the goods would increase with the extension of credit.]

BOND (BEVERLY W.). *State Government in Maryland, 1776-1781*. (Johns Hopkins Studies.) Baltimore: Johns Hopkins Press. 1905. Pp. 118.

BOWER (F.). *A Dictionary of Economic Terms for the Use of Newspaper Readers and Students*. (Routledge's Miniature Reference Library.) London: Routledge. Pp. 166. 64mo. 1s.

[The "newspaper reader"—or writer—to whom such a phrase as "most-favoured-nation-clause" or "Exchequer-bill" is 'new can here at once discover its meaning. The "student" will find the terms of higher science such as "quasi-rent" or "total utility" adequately defined.]

CAPEN (E. W.). *The Historical Development of the Poor Law of Connecticut*. (Columbia University Studies.) New York: Macmillan Co. London: P. S. King. 1905. Pp. 520.

DAVENPORT (C. B.). *Statistical Methods, with Special Reference to Biological Variations*. New York: John Wiley and Sons. 16mo. Pp. 223. \$1.50.

[Principles applicable to sociological data, stated in mathematical form.]

HOLLIS (J. PORTER). *The Early Period of Reconstruction in South Carolina*. Baltimore: Johns Hopkins Press. 1905. Pp. 129.

NEWCOMB (H. T.). *The Work of the Interstate Commerce Commission*. 1905.

[Reprints from railway and financial journals, adverse to enlargement of the powers of the Interstate Commerce Commission.]

SPENCER (S.) and WILLCOX (D.). *Interstate Commerce: Brief as to Proposed New Legislation*.

[A clear statement of the case against increasing the powers of the Interstate Commerce Commission.]

DOLLEANS (E.). *Robert Owen (1771-1858)*. Paris: Soc. nouv. de Libr. 1905. 16mo. Pp. 227. 1fr.

[Referred to above, p. 257.]

FROMONT DE BOUAILLE (Dr.). *Conciliation et Arbitrage*. Paris: Lecoffre. 1905. Pp. 228.

GANNAY (Dr. PAUL). *L'Impérialisme Économique et la grande Industrie anglaise*. Paris: Pichon. 1905. Pp. 324.

[Economic imperialism is gaining ground and English industries are declining.]

BRAUDE (Dr. B.). *Die Grundlagen und die Grenzen der Chamberlainismus*. Zurich: Rascher. 1905. Pp. 144.

[A Study of the Tariff Reform movement in England.]

COHN (Prof. G.). *Zur politik der deutschen Finanz, Verkehrs- und Verwaltungswesens*. Stuttgart: Enke. 1905. Pp. 482.

[A sequel to the author's "Zur Geschichte und Politik der Verkehrswesens" (1900) consisting mostly of republished papers relating to Finance, Transportation and the study of Political Science.]

GLIER (L.). *Die Meistbegünstigungs-Klausel, mit besond. Berücks. der deutschen Verträge mit den Ver. Staaten*. Berlin: S. Reimer. 1905. 8vo. Pp. 543. 10m.

[One of the publications of the Mitteleuropäischer Wirtschaftsverein. Prof. J. Wolf contributes a preface.]

LOEBEN (MAX G. VON). *Der absatz der plauener spitzen nach der vereinigten Staaten von Nordamerika*. Dresden: Böhmert. 1905. Pp. 137.

[A concrete study.]

KLEINWACHTER (FR.). *Lehrbuch der Nationalökonomie*. Leipzig: C. L. Hirschfeld. 8vo. 8.40m.

ROTHGEN (K.). *Die Japaner und ihre wirtschaftliche Entwicklung*. Leipzig: G. Trubner. 1905. 8vo. Pp. 157. 1m.

[This survey is published in a series of short books, "Aus Natur und Geisteswelt," designed for the general public.]

SCHULLER (Dr. RICHARD). *Schutzzoll und Freihandel*. Vienna: Tempsky. 1905. Pp. 304.

THE ECONOMIC JOURNAL

SEPTEMBER, 1905

IMMIGRATION

WHAT kind of immigrants are desirable? How far should the State regulate immigration?—these are questions which, at this moment, urgently press for solution in many parts of the British Empire and in many countries outside the Empire. Englishmen at home, in the white colonies, and in the tropical dependencies, the citizens of the United States and the republics of South America, are constantly confronted with one aspect or another of these problems. They are problems attractive to students on account of their sociological interest, though they may be repellent to politicians on account of their practical difficulty. They are problems not, of course, new, but now more insistent than ever before.

Through better education, cheap posts, and a widespread Press, the attractions of new countries are nowadays more fully understood in the old. With the new safety and cheapness and comfort of sea voyages, the chief of the earlier hindrances to migration have disappeared. Men realise better the advantages of migrating, and at the same time find it easier to migrate. The consequence is a vast and continuous flow of population, probably more vast, more continuous, more widespread in these times than at any previous period in the known history of mankind. Every year nearly a million people leave Europe, almost all of them for North or South America. The United States receive over 800,000; Argentina, about 90,000; Canada, 80,000. And Asia is on the move. The population of India, increasing at the rate of 700,000 a year, seeks an outlet. It has absorbed

Mauritius, where two-thirds of the population are now Indian. It is filling Natal, where the last census showed, for the first time, a larger number of Indian inhabitants than of European. It is changing the character of parts of the British West Indies, already a third of the population of Trinidad and a third of the population of British Guiana are East Indians. In one of our newest dependencies, destined, perhaps, to be one of the greatest—British East Africa—Indian merchants hold a great part of the trade, and Indian peasants are beginning to form colonies in some of the warmer districts. And in the Transvaal the influx of Indian traders has given rise to an acute controversy. The Chinese are even more ready to emigrate. They now dominate the Straits Settlements, outnumbering by far the original Malay inhabitants. There are over half a million in the Dutch East Indies. They are settling in British North Borneo. Their importation into the Transvaal has added yet another element to the races that intermingle there, and yet another complication to its tangled politics. Japan also is beginning to send out emigrants. In Hawaii the last census showed, in 1900, that out of a population of 154,000, no fewer than 61,000 were Japanese; in 1902-3, 12,000 more arrived. The number of Japanese in the United States and in British Columbia may soon assume large proportions, and their presence there has become the subject of political discussions. In Queensland, again, the most disturbing question in recent years has arisen out of the importation of Kanaka labourers from the islands of the Pacific. Lastly, there is the immigration of aliens from Eastern Europe into Great Britain, a movement small in its actual proportions, but bulking large in English eyes, since it fills the foreground of our field of vision. Project the imagination to some point from which we can embrace in a single bird's-eye view the inter-movements, in the past as well as in the present, of the various races of the world among one another. We shall see at different periods many civilised communities planting here and there small colonies of their citizens, afterwards to be absorbed in the populations around them; we shall see from time to time spasmodic migrations of hordes of conquering barbarians; we shall see also little bands of pioneers, like the Spaniards and Portuguese in South America, the English in North America and Australasia, founding primitive settlements which are destined to develop into great States. But not until we turn our eyes to our own age shall we see so broad a current of peaceful migration, steadily carrying a million persons from one continent to another year after year,

and at the same time so many separate streams slowly but continuously modifying the ethnological character of so many different countries. Immigration—intermingling, ousting, blending, changing—is a force which is now powerfully at work moulding the future of vast portions of the world.

Problems of immigration have been given remarkably little attention by English economists and publicists. The so-called classical economists offer no guidance. So far as I am aware, neither Adam Smith nor Ricardo nor John Stuart Mill has a single word to say on the subject. Even so exhaustive a writer as Bentham is silent on this point. There is indeed a reference to it in Fawcett's book on Free Trade, but it is a casual reference by way of illustration, and specifically limited to the economic as distinct from the social aspect of alien immigration. But since the writers of this school, in their lists of admissible forms of State action, never include the regulation of immigration, there can be little doubt that they considered it to be covered by the general rule of *laissez faire*. The great humanitarian, cosmopolitan movement of the end of the eighteenth and the earlier part of the nineteenth centuries, with its belief in the essential equality of man and in his natural rights, could allow no distinction of law in dealing with men of diverse race or country any more than with men of diverse class or creed. A reaction from the excessive nationalism and regulation which had prevailed, setting itself to overthrow all the old hindrances to liberty, it would naturally be intolerant of any attempt to set up new ones. To meddle with the freedom of movement from country to country was looked upon as obviously illegitimate. As late as 1868, in a treaty between the United States and China intended to secure for Americans the right, previously denied them, of residence in China, there appears the following declaration of principle:—“The United States of America and the Emperor of China cordially recognise the inherent and inalienable right of man to change his home and allegiance, and also the mutual advantage of the free migration and emigration of their citizens and subjects respectively from the one country to the other, for the purposes of curiosity, of trade, or as permanent residents.” It is an illustration of the change of view which has taken place, that the Chinese, on the strength of this principle solemnly asserted, having admitted Americans to China, fourteen years later, in defiance of that principle, the Americans excluded Chinese from the United States. The change of view was inevitable. The theory that under no circumstances should a State restrict the

right of entry into its dominions is clearly unsound. It will not stand the test of practical application. Suppose, to take an extreme case, that some Continental government gave facilities to the inmates of its prisons, its lunatic asylums, and its institutions for the destitute, to go to England; ought England to acquiesce on the ground that it is a fundamental principle of policy not to deny admittance to anyone who comes? Or if, in a great and prolonged labour dispute, the employers decided to end the matter by importing some tens of thousands of Chinese workmen to take the place of the strikers, should this be permitted, not for the reason that the employers were in the right or that the Chinese would be a useful element in the country, but simply on the *a priori* ground that any interference with immigration is essentially wrong? Take again two cases, not unlike these, which have actually occurred. Belgium at one time pursued the policy of sending indiscriminately over the nearest frontier all destitute aliens arrested by the police. The neighbouring countries soon took steps to refuse admission to any except their own nationals. England, in 1897, obtained from Belgium an agreement not to deport to this country persons "in a state of vagabondage," except British subjects. Any political theory which would condemn action so obviously necessary and wise surely cannot stand. Last of these illustrations, the peoples of Australia and New Zealand were of opinion that the Chinese were a race of immigrants who were bringing to those colonies a standard of civilisation greatly lower than that which had prevailed, who could not be assimilated by intermarriage, and whose immigration, if unchecked, would assume very large dimensions, converting those colonies from countries mainly Anglo-Saxon to countries mainly Mongolian. They therefore determined to restrict the immigration. Assuming, for argument's sake, that their premisses were well founded, is it possible to reject their conclusion?

No political scientist nowadays believes in the doctrine of natural rights. The well-being of the society concerned is the only test that can be applied, qualified, though it must be, by duty to the world at large. If one nation can help the members of other nations by admitting them into its territories, it should be chary of refusing the boon. But if the admission results in appreciably lowering its own civilisation, in degrading the standard of comfort of its people, in lessening, therefore, its influence for good on the other nations, then surely its duty to the world, as well as its duty to itself, would justify exclusion.

We may conclude that it is impossible to dispose of the problems of immigration by the simple method, acceptable in an earlier day, of assuming *a priori* that any and every regulation, no matter under what circumstances, is forbidden by the commandments of some transcendental political dogma.

Nor can we accept the opposite doctrine, widely prevalent in the older countries, that every form of immigration is to be viewed with suspicion, and that most forms should be forbidden by the State. The alien is almost always unpopular. Nations, like individuals, are very conscious of their own virtues and of other peoples' faults. Each is convinced that it is "the salt of the earth." Foreigners may be tolerated through pity or because their numbers are too small to attract notice, but they are rarely to be welcomed on account of their virtues or as strengthening elements in the national stock. China was long convinced that Europeans were an inferior race from whom she had nothing to learn. Spain expelled the Moriscos. The London mob in the time of Edward III. killed all the Flemings in Southwark who could not properly pronounce the words "Bread and cheese." There is no need to argue here against this kind of insular stupidity. And indeed anti-foreign prejudice nowadays more usually springs from industrial than from racial motives. There are numbers of workmen unemployed. This proves, it is said, that the country is over-populated. To encourage fresh additions to the population is like pouring water into a vessel already full above the brim. The new arrivals will either find no lodgment or will displace others; they must themselves starve or make others starve. Therefore, it is the obvious duty of Government to admit the fewest possible number of immigrants. This fallacy is, of course, a variant of the old Wage-Fund Theory, now as universally rejected by economists as it was once universally accepted—the doctrine that there is a certain amount of capital available to provide employment and wages for the working classes, and that the more numerous those classes become the smaller will be each individual's share. But the believer in the Wage-Fund Theory forgot that the more workmen there are, the more profit; the more profit, the more accumulation of capital; the more capital, the more opportunities for employment. He fell into the error, as Arnold Toynbee put it, "of looking upon the working man as a divisor and not as a multiplier."

The crude doctrine, now very commonly held in England, that to add to the population, by immigration or otherwise, is to

add by so much to the difficulty of finding employment, is contradicted, not only by economic theory, but by the most notorious facts. Forty years ago the United Kingdom had a population of thirty millions; now it has a population of over forty-two millions. At that time there was a certain percentage of the working classes unemployed; according to the interesting figures lately published by the Board of Trade, in recent years the percentage has been almost precisely the same. But the doctrine we are considering would require us to believe that, since there were men unemployed forty years ago, the whole addition of twelve millions must have gone to swell their ranks, and that more than a quarter of the population are now permanently without work—a *reductio ad absurdum* which leaves nothing more to be said. If our industrial system has been able to absorb those twelve millions in the last forty years, the general standard of comfort rising at the same time and the ratio of out-of-works not increasing, it must be an error to say that the addition in the future of some thousands by immigration must necessarily make more acute the difficulty of unemployment. The contrary is often the case. In most countries to which they have come, aliens have fostered trade through the industries they have transplanted. The United Kingdom has been especially benefited in this way. She has been rewarded many times for her policy of keeping open her ports to the distressed from other States. Ulster, for instance, has to thank Frenchmen for her linen industry, and Coventry has to thank them for her ribbon-making. Glasgow owes sugar-refining to Dutchmen, and even Manchester her cotton manufacture to refugees from Antwerp. It was the immigrants from Flanders, Italy, France, Holland, Germany, who introduced to England wool-weaving, silk-weaving, coach-building, the making of felt hats, of thread, of lace, of needles, of wire; to them we owe important improvements in the manufacture of knives and of clocks, in the art of dyeing, in the sciences of banking and of mining. And our most recent immigrants have brought with them new methods of division of labour which have given a powerful stimulus to the trades of tailoring, cabinet-making, slipper- and cap-making, and they have introduced in London the new industry of cigar-making.

At some periods of our history and in some localities these benefits have been recognised by contemporaries. Occasionally, towns which were languishing for want of trade accepted without protest the settlement of foreigners; in some cases they even petitioned for them to be sent. Between 1560 and 1570 the

Corporation of Norwich presented such a petition to the Privy Council, and thirty Dutch families of weavers were sent there, to meet at first with some opposition from the local artisans, but soon to prove their value to the district. At the same period a group of alien thread-makers, on the invitation of the town, went to Maidstone to settle, and there successfully established their trade. A few years later we find Halstead and some neighbouring towns complaining to the Council that certain foreigners who had carried on the trade of weaving in that district had removed to Colchester, and petitioning that they should be compelled to return. But these are exceptions, and rare exceptions. The Statute-Book is strewn with Acts restricting immigration and imposing disabilities on aliens. The denunciations of alien immigration in certain quarters at the present time are but the echo of a cry which has been heard at frequent intervals all through the earlier centuries. In a petition, for example, presented by some citizens of London in 1616, relating to the aliens of that day, there are several passages which are almost indistinguishable, *mutatis mutandis*, from many a newspaper article and many an election leaflet of to-day. "Their chiefest cause of entertainment here of late," runs the petition, "was in charity to shroud them from persecution for religion; and, beinge here, their necessity became the mother of their ingenuitie in devising manye trades, before to us unknowne.

"The State, noting their diligence, and yet preventinge the future inconvenience, enacted two speciall lawes:—

"That they should enterteine Englishe apprentices and servants to learne those trades, the neglect whereof giveth them advantage to keepe their misteries to themselves, which hath made them bould of late to devise engines for workinge of tape, lace, ribbon and such, wherein one man doth more amongst them than seven Englishe men can doe; soe as their cheape sale of these commodities beggareth all our Englishe artificers of that trade and enricheth them.

"Since the makinge of the last Statute they are thought to be increased ten for one, so as no tenement is left to an Englishe artificer to inhabit in divers parts of the cytie and subburbs, but they take them over their heads at a greate rate.

"Soe their numbers causeth the enhauncinge of the prices of vittells and house rents . . . their dailie flockinge hithere without such remedie is like to grow scarce tollerable."

Yet this seventeenth century was the time when many trades, since found of greatest value, were being brought to England by

the aliens who were thus denounced, and when the English stock was receiving from the Continent new strains recognised now to have added to the old many fine characteristics.

The political student, then, if he distrusts the generalisation of theorists that all interference with immigration is wrong, will be equally on his guard against the generalisation of the man in the street that the alien is an intruder, usually degraded and always inconvenient, who robs the native of his employment, and that the more the Government interferes with him the better it is fulfilling its duty to the nation. It is plain that there is no single principle, ready to the hand of the politician, applicable universally. Each case, or group of cases, must be judged on its individual merits.

Let us consider some of these cases. And let us take first the classes of immigrants whom all would admit to be undesirable, choosing our illustrations from the present situation in our own country. Aliens may be classed as obviously undesirable for physical, for moral, or for economic reasons. In the first category are those who are suffering from infectious or loathsome diseases, and the insane and imbecile; in the second are criminals and prostitutes; in the third are persons who cannot maintain themselves, and who must necessarily become charges upon public funds. Concerning all these there is no dispute of principle. No one who has taken any part in the discussions on this question has suggested, nor can we imagine anyone suggesting, that an increase in the number of these classes can be other than detrimental to the society into which they come; and no one would say that international justice would be offended if whichever State produced such persons were required to absorb them as best it may. A nation cannot reasonably be called upon to pay for hospitals, workhouses, and gaols for its neighbours to fill, to maintain the unfit which its neighbours have evolved, to feed parasites which its neighbours have bred. In principle, then, the exclusion of persons falling within these categories will be held to be both desirable and just. But before we consent to apply the principle, we have to ask whether, if these classes are alone to be excluded, it is in practice possible to construct a sieve which can separate them from other immigrants. Of these groups of undesirables, the diseased, with a few exceptions, and the imbecile can alone be detected with certainty by examination at the ports. The criminal, the vicious, the intermittently insane, the vagrant, can obviously not be identified at sight, and

carry no label to tell their character. In evidence before the recent Royal Commission on Alien Immigration, Sir Kenelm Digby, for many years Under-Secretary at the Home Office, Sir Albert de Rutzen, the chief metropolitan magistrate, Sir Edward Bradford, the late chief of the Metropolitan Police, and Mr. Henry, his successor, all declared their opinion that it would be found in practice impossible to prevent the entry of alien criminals. This has certainly been the experience of the United States. The sifting machinery established there is elaborate and complete. But in the five years from 1899-1900 to 1903-4 inclusive, only 106 persons were debarred from landing on the ground that they were criminals, while in the year 1903-4 the United States had in its prisons and reformatories no fewer than 9,825 aliens. To require as a test a certificate of character from the police of the country of origin would be unsatisfactory for two reasons: in many States such a certificate could be obtained by ex-criminals by means of bribery; on the other hand, political refugees, whose right of asylum none would dispute, clearly cannot be expected to apply for the certificate to the very authorities from whom they are trying to escape.

Consider, again, the category of paupers. What human power will be able to detect which among a thousand immigrants is to become a public charge? The Röntgen ray has yet to be discovered which will reveal a man's character and future capacity as now his bones can be revealed. Certainly a money test is valueless. Among the aliens who have come to settle in England in recent years, the proportion who bring little or no money is large, but the proportion who seek Poor Law relief is remarkably small. They have, it is well known, a marked capacity for improving their position, and no assumption could be more false than to suppose that their initial poverty means ultimate pauperism. Any such attempts to divide the sheep who will prosper from the goats who will become a public charge must necessarily fail. In the United States, for instance, our Royal Commission reported that in their opinion "no sufficient discrimination has been exercised between the desirable and the undesirable immigrant." It is possible, indeed, to imagine a case in which the proportion of undesirables among the immigrants was so large that a strict regulating law would be justifiable, even though some were caught in its net who ought properly to pass through. If it were found, for example, that, on the average, out of every five immigrants one was a criminal, one was a lunatic, a third promptly entered a workhouse, and a

fourth was tainted, say, with scrofula, it would clearly be necessary to pass a measure of exclusion, even at the risk of sometimes by mistake rejecting the fifth man, however reputable, sane, industrious, and innocuous he might really be. But this is far from being the case among the aliens who come to England. The evidence given before the Royal Commission by the medical officers who examine the immigrants on their arrival in London showed that illness is very rarely met with among them. Of insane and imbeciles the proportion is slightly less than among the general population; in London it is 4.1 per thousand among aliens as compared with 4.6 among others. Of pauperism the ratio is considerably less; among the alien population of England and Wales those in receipt of Poor Law relief, other than medical relief, on a given day numbered six per thousand; in the population as a whole the proportion was twenty-four per thousand. The report of the Board of Trade on emigration and immigration for 1901 tells us that "the total number of aliens relieved represented 0.22 per cent. of the total number of paupers relieved in the whole of England and Wales." Calculating the cost at that percentage, the charge of alien pauperism upon the rates would be the insignificant sum of £28,000 a year, out of a total expenditure upon Poor Law purposes of nearly thirteen millions. One of the causes of this somewhat remarkable avoidance of pauperism is, no doubt, that Jewish charities, generously supported, undertake almost all the cost of assisting the destitute among the Jewish community. In the sixteenth and seventeenth centuries the law compelled the colonies of foreign refugees in England to maintain their own poor by their own subscriptions—a system, we may note incidentally, in which the first beginnings have been found of our great friendly societies. Now, in the Jewish Board of Guardians and its allied institutions, we find a similar system repeated, but with the difference that the burden is not compulsory but is voluntarily undertaken.

With regard to criminals, on the other hand, the percentage of persons sentenced to prison is no less than three times as great among the aliens as it is among the general population; recently the proportion has been rapidly increasing. It is noteworthy that Americans, who are only one-tenth of the alien population, contribute one-fourth of its crime; the Russians and Poles, who comprise a third of the alien population, contribute only one-sixth of its crime. Some fifteen aliens in every thousand are committed to prison every year. Add to these the aliens receiving Poor Law relief; six per thousand on a given day, twelve per thousand

in the course of a year—if we accept Mr. Charles Booth's calculation that the number per day must be doubled in order to arrive at the number per year. Add also the four per thousand who are inmates in asylums for the insane and imbecile. We reach a rough total of some thirty-one aliens in every thousand who belong to these three groups, and who fall, in one way or another, to the charge of the State. There are left, therefore, 969 in every thousand who are not a public charge—a very different proportion from that suggested in speeches and writings with which of late we have become familiar; a proportion which, it will be agreed, would not warrant the exclusion of the whole. If these thirty-one could at landing be eliminated out of the thousand and sent back to the countries whence they came, England would obviously gain. But to achieve this result seems, unfortunately, to be impossible. Let us imagine the thousand men, women, and children disembarking from their ship. Among them, on the average, are fifteen who will commit crimes, twelve who, year by year, will apply to the Poor Law Guardians for help, four who, sooner or later, will develop insanity; there are 969 who, taking one year with another, will not only be able to maintain themselves, but will contribute their due share to the rates and the taxes. Is it seriously argued that out of the thousand an inspecting officer can lay his hand on the thirty-one he seeks, with no visible marks to guide him, before they have displayed the faults which make them undesirable, and that he is not just as likely to reject thirty-one out of the 969 who would, if admitted, prove self-supporting and reputable? And, putting aside for the moment all questions of justice to the individual, of the introduction of new trades, or of competition with domestic labour, and looking at the matter merely from the standpoint of profit and loss to the State and local revenues, this much is certain, that if all the aliens in England had been excluded in the past, or if an indiscriminate proportion of them are to be excluded in the future, the loss to the nation in the rates and taxes they would have paid would far outweigh the saving that would accrue through escaping the charge for the criminals, the lunatics, and the paupers among them.

Expulsion offers an alternative to exclusion. It is an alternative, I would suggest, more effective, more workable, and less costly. If it were enacted that any aliens convicted of a serious offence, more than once in receipt of relief, or known as prostitutes, should be returned to their country of origin, with stern penalties in the event of their reappearance, the needs of the case

as regards these classes would be substantially met. Similar steps might, in many instances, be taken with reference to lunatics and imbeciles, chargeable on public funds. Nor could any objection arise on the ground of international law, since several countries (France and Belgium among them) already pursue this course with one or all of these classes, and no objection is made by other nations to receiving their own undesirables when sent back to them.

So far, then, with reference to the special case of those whom we term the obviously undesirable. There remains the broader question whether, apart from crime, pauperism, vice, and disease, the immigration of foreigners is in general to be deprecated or tolerated or encouraged; how far, and under what circumstances, the State should regulate it. The subject divides for convenient treatment into two parts—the effect of immigration economically on the industrial conditions of the population into which it comes, and its effect socially on their national characteristics. In countries in an early stage of development, and where capital is available, as, for example, in Argentina, immigration, viewed from an economic standpoint, must be beneficial, since the demand for labour will much exceed the supply, and the chief need for the conquest of nature and the general increase of wealth is population. In older countries where the people are only moderately industrious, as in the Malay peninsula or in the West Indies, immigration will be economically advantageous by increasing the labour force. In others, such as France, where the industries are capable of expanding more rapidly than the native population increases, the same advantage will be reaped: and this will be so, even if the immigrants do not belong to the trades which are expanding; for by working at the older trades they will render a larger number of the native population available for employment in those which are growing. But in old countries, where the industries are not capable of expanding more rapidly than the native population increases, immigration might be economically injurious. In the majority of such cases, of course, no immigration takes place, as in Italy or Ireland. If it did take place, if immigrants arrived and found situations, it could only be by accepting work on lower terms than the native workers, and driving them either into emigration or into chronic unemployment. It is in the last case only—still limiting ourselves strictly to the economic standpoint—that the State would be justified, if no other means existed by which the evil could be met, in forbidding immigration.

That it would be justified in such a case, few would dispute. For we are assuming, first, that the existing population suffices, in numbers and in character, for all present industrial needs, and that its increase will suffice for future needs; we are assuming also that the new arrivals, being ready to accept the conditions of employment belonging to a lower civilisation, find situations for themselves only by undercutting and ousting those who are employed already; and we are assuming, thirdly, that by no distribution of the aliens over various industries, and by no trade-union action, can these results be avoided. Unless we are to believe that it is of no social importance to maintain a proper standard of living among the masses of the population, we are forced to the conclusion that in such a case the State would be justified, would indeed be imperatively required, to intervene. (This conclusion need not, of course, involve us in a Protectionist position with regard to the importation of foreign goods which displace native workers from their employment, for there the counterbalancing export provides, in the long run, equal employment—a fact which prevents the two instances from being treated as parallel.) In such a case, then, State action would be legitimate. Whether such a case has ever occurred is more doubtful. It is asserted, indeed, with much emphasis, that all these conditions are present before our eyes, now and in England. But with equal vigour this assertion is denied. "As to the displacement of native labour," say the Royal Commissioners in their report, "evidence has been very conflicting. The English and Scotch trade-union witnesses have contended that there is distinct displacement of the native worker by the alien, while on the other hand it has been contended that alien labour is only or chiefly employed in doing work for which the native workman is unsuited or which he is unwilling to perform." They proceed to say, "On the whole, we arrive at the conclusion, after weighing the evidence of both sides, that it has not been proved that there is any serious direct displacement of skilled English labour. But it is, of course, impossible to say how much, if any, of the work now done by alien labour would have been performed by native female or other labour had there been no alien immigration into this country." But a little earlier we read, "The development of the three main industries—tailoring, cabinet-making, and shoemaking—in which the aliens engage, has undoubtedly been beneficial in various ways; it has increased the demand for, and the manufacture of, not only goods made in this country (which were formerly imported from abroad), but of the materials

used in them, thus indirectly giving employment to native workers."

With regard to the rates of wages, which are said to have been reduced by the competition and undercutting of alien immigrants, the only authoritative statement is to be found in a table laid before the Royal Commission by the Labour Department of the Board of Trade. This table gives the principal changes in the rates of wages, from 1893 to 1902 inclusive, in a number of trades including those in which the aliens chiefly engage, and in a number of towns including those in which the aliens chiefly settle. If we take the trades of cabinet-making, boot- and shoe-making, and bespoke tailoring, and the cities of London, Manchester, Liverpool, and Leeds, which are mentioned by the Commissioners as the towns with considerable alien populations, we find that, with one small and temporary exception, all the numerous changes of wages throughout those years have been increases. So far as this table furnishes an indication, it shows that the immigration has not lowered wages in the trades which it affects; nor did the Royal Commission report that such a result had taken place. Tailoring is the only industry in which aliens are at all numerous; the census returned 24,700 as engaged in that trade in England and Wales, out of a total number employed of 260,000. And it is noteworthy in this connection, that, comparing the average of the three-year period, 1891-2-3, with that of 1901-2-3, British exports of "apparel and slops" increased in the decade by over £1,300,000, very nearly 30 per cent.

Although, then, it might well happen that an inrush of aliens into England should take place so large and so disturbing to the economic conditions of the country as a whole, or of certain industries, that wages would fall and numbers of native workers be ousted, there is no definite evidence to show that as yet any such result has occurred.

The special case of contract labour demands consideration. Immigration may be used as a weapon in the disputes between capital and labour. A strike may be crushed by the importation of foreign workmen, under a contract to work for the employer, brought in to fill the places of the strikers. This occurred in the United States, and laws were passed in 1885 and subsequent years to exclude all immigrants who had entered into an agreement, express or implied, to perform any kind of labour for any employer in the United States. A similar provision is in force in Australia, with exemption in the case of workmen held by a Minister to possess special skill required in Australia. Our judg-

ment on the principle of this form of regulation will probably depend on whether our sympathies lie in the main with capital or with labour. But, apart from the principle, here again it has been found in practice difficult to enforce the rule. In the United States, in the years 1900, 1901, and 1902, an average of 480 immigrants were excluded annually on this ground, and it is said that a number of persons were refused passages by the steamship companies for the reason that they would be rejected on arrival as contract labourers. But it is a matter of common knowledge that a very large number of workmen did enter the United States on contract, it being impossible to detect the great majority of cases.

Leaving the economic side, we come now to the last division of the subject, the social effect of immigration—its effect on national characteristics and customs, on citizenship and the solidarity of the State. The chief factor here must be the degree to which the aliens can be assimilated; for it is plain that if they are to be indistinguishably absorbed into the rest of the population, causing no appreciable change in the life of the nation, their coming will give rise to no problems of this kind. It is unnecessary to discuss the effect of immigration on national characteristics if it has no effect. But if the aliens are so many that, although absorbed, they modify the native character, or if they remain partly or wholly separate, then we are obliged to enter upon an inquiry whether the qualities they bring are useful or detrimental.

It is remarkable how easily and completely the peoples of European race absorb immigrants from one another. In two or three generations the descendants of Irishmen in France, of Englishmen in Spain, of Germans in England, can hardly be detected, if at all, among the nation with which they are mingled. Even when their numbers are large, in course of time they merge with the rest. In England, for example, we are told that in 1540 apparently one-third of those who paid subsidy to the King in London were aliens; in one ward of the City, St. Martin's-le-Grand, the proportion was 6 English to 207 foreign taxpayers. In the sixteenth century the aliens in Norwich were so numerous that they were required to appoint their own officers to be responsible for the good order of their community, and to represent them in their dealings with the town. In 1618, in London, out of a population of 180,000 no fewer than 10,000 were aliens. At the end of the seventeenth century, Spitalfields was full of Huguenots, and the French language was as general in that district then

as the tongues of Eastern Europe are general there to-day. Yet all these colonies, comparatively large though they were, of Flemings and Walloons, Dutchmen and French, have long since disappeared, amalgamated completely with the body of the nation. On the other hand, there may be cases, even among people of European race, where the influx is so rapid, and its proportions so large in relation to the native population, that new arrivals cannot be assimilated by the old inhabitants; sometimes their characteristics may become dominant. But this seldom occurs in modern times, except in new countries; as in Canada, where the English outnumber the French *habitants*, and have set their stamp on the country, and in Cape Colony and the Transvaal, where, rivalling or exceeding the Dutch in numbers, they have brought in their own institutions. In this aspect, also, the present alien immigration into England has been the subject of much exaggeration. The census of 1901 showed that in the United Kingdom as a whole the aliens were only 0·69 per cent. of the population, and even in London no more than 3 per cent. On the extent of the inflow at the present time, the latest official information is to be found in the reports of the Statistical Department of the Board of Trade on Emigration and Immigration for the years 1903 and 1904. The estimate is there made that the net influx of foreigners in 1903 amounted to about 14,000; but it is added that from this figure must be deducted a large number of foreign seamen, who came as passengers and were counted on arrival, but left as the crews of vessels and were not counted on departure. In 1904 the return shows that the foreigners who arrived in England were only 1,000 more than the foreigners who left. Between 1891 and 1901 the census showed an average increase in the alien population of 6,740 persons a year, of whom 4,030 settled in London. But the average increase of the whole population was then 380,000 a year, and in the year ending in June, 1904, was estimated at 418,000; London alone has an annual growth of 94,000 persons. It is clear, therefore, that the alien population, numbering 0·69 per cent., is at present insignificant in proportion to the whole, and its increase, which is almost certainly not more than some six to ten thousand a year, is trivial compared with the native increase of over 400,000 a year. We may conclude that the immigration is as yet far too small in volume to work any appreciable change in the customs, the character, or the institutions of the British people. It is no more able to affect the qualities of the nation than a can of hot water is able to affect the temperature of the sea. ...

In the United States the case is very different. For each alien who settles here, 120 settle there. In the twenty years from 1880 to 1900 the population of the United States increased by twenty-six millions, of whom nine millions were immigrants. And the inflowing tide has been gaining rapidly in force; in the years 1903 and 1904 the immigration was double what it was in 1899 and 1900, and more than treble what it was in the previous years. Every effort is made, especially in the schools, to Americanise these new arrivals, and with remarkable success. But there is in nations what chemists would call in liquids a saturation point, beyond which infusions can no longer be absorbed. There can be little doubt that the alien stream now being poured into the United States must in some degree modify, for good or for ill,* the national type.

The clearest instances of complete, or almost complete, non-assimilation are to be found, however, where the immigrants belong to a different race-family from the native population—in the case, for example, of the Chinese in the United States, where they number 100,000, and in Australia, where they number 30,000; of the East Indian coolies settled in the West Indies, who do not mingle either with the blacks or with the whites; or of the negroes in the United States, a distinct community of five millions thirty years ago, a community, still distinct, of nine millions now. This last instance we need not stay to consider here, for there is no longer any immigration of negroes into the United States, and the problem that springs from their presence there does not belong to the subject we are discussing.

In all cases of such immigration an attempt must be made to form an estimate of the balance of good and evil in the influence of the immigrants on the national life. In England, if the influx were to grow to such dimensions as to foreshadow an alteration in the national type; in America, where this point seems to have been already reached; in the United States again, in Australia and other British colonies, with regard to the unassimilating communities of Chinese, and, on a small scale, of Japanese; in the West Indies, with their coolie settlers—in all these and similar cases the decision (on social grounds apart from economic) whether or not the State should check immigration must depend upon the answer to the question whether the infusion is strengthening or weakening to the nation concerned. But when we approach this question we leave altogether the sphere of political science, and enter the sphere of personal opinion.

Nothing is more difficult than to form an estimate of the
No. 59.—VOL. XV.

merits and demerits of a race. Fifty years ago, for instance, the negro was often regarded as ranking somewhat higher than an animal, but rather lower than a child. Now we know that the negro has many amiable and admirable qualities, and that the negro mind is capable of the highest things. Fifty years ago the Japanese were considered barbarians, and of a rather absurd type: now the whole world stands in admiration of their efficiency, and bows in reverence before their heroism. Although to estimate the qualities of a people is a hard task, it must be attempted in dealing with this group of immigration questions. Usually the attempt at once gives rise to acute controversy.

With regard to the aliens in East London, for instance, the most diverse views are expressed. We are told that their industrial and business methods leave much to be desired; that they consent to work for hours so long, and under conditions so insanitary, that their physique is kept low; that they overcrowd poor tenements for which they pay high rents, to the detriment of themselves, and of their neighbours whom they expel to outlying districts; that numbers of them are confirmed gamblers. We are told, on the other hand, that they are usually sober, industrious, domesticated, quick-witted, eager for education; that if there is overcrowding in the alien quarters there is equal overcrowding in non-alien quarters, and that both can be cured in the same way, by a stricter administration of the Housing Laws; that if their workplaces are insanitary and their hours of employment too long, these evils can also be met by Factory and Workshop Acts properly devised; that the faults they have are the outcome of the lives they have been compelled to live elsewhere, and that in the better conditions in England these are in time discarded. Probably the counts in this indictment and the heads in this defence are all of them equally true. Each man who investigates the subject must strike for himself the balance between the good and the ill.

So also with the similar immigration into the United States. For there the problem, though far vaster and more serious, is now similar in its nature to the problem here. Its character has wholly changed of late. Twenty years ago, taking the average of the three-year period 1881-3, the United States drew 69,000 immigrants from Italy, Austria-Hungary, and Russia, and 407,000 from the United Kingdom, Germany, and Scandinavia; in 1901-3 she drew 454,000 from Italy, Austria-Hungary, and Russia, and 140,000 from the United Kingdom, Germany, and Scandinavia. Twenty years ago—so far as these countries are concerned, and

they include all the chief sources of the immigration—the proportion of immigrants, therefore, was 14 per cent. from South and East Europe, and 86 per cent. from North Europe; in 1901–3 the proportion was 76 per cent. from South and East Europe, and 24 per cent. from North Europe. (In the year ending June 30th, 1904, the percentages were 73 and 27 respectively.) Of the new arrivals, then the large majority are of a type far less homogeneous than the older ones with the characteristic racial type of American citizens. Not only the increase in the volume of immigration, but still more, the change in its source, make it urgent for Americans to estimate the merits and demerits that belong to the immigrants. In Mr. Roosevelt's Presidential Message to Congress in December, 1904, the following passage upon this subject occurs:—"The question of being a good American has nothing whatever to do with a man's birthplace, any more than it has to do with his creed. Good Americanism is a matter of heart, of conscience, of lofty aspiration, of sound common sense, but not of birthplace or of creed. There is no danger of having too many immigrants of the right kind, but the citizenship of this country should not be debased, and we should not admit masses of men whose standard of living and personal customs and habits are such that they tend to lower the level of the American wage-worker, and above all we should not admit any man of an unworthy type." Whether the standard of living and personal customs and habits of the South Italians, Roumanians, Lithuanians, Czechs, Poles, and Russians, who are now flocking to America, are or are not debasing, whether their type is or is not unworthy, are questions for the citizens of the United States to decide. But should the judgment be unfavourable, it is certain that any measures of exclusion, to be effective, must be far more stringent than those hitherto adopted, for these result in the rejection of only 1 per cent. of the immigrants, and have not prevented the immigration trebling in volume in four years. Probably nothing short of a law, aimed in effect, if not in terms, at the exclusion of immigrants of certain nationalities, would suffice to put into execution such a judgment. This is the course which has been taken with regard to the Chinese in all Anglo-Saxon communities, except one, among which they have come. A long experience proves that Chinese are not assimilated by white peoples. As a community separate from the rest, yet intermingling with them, it has been held that their influence is lowering to the civilisation of the whole. It is asserted that they will not conform to the industrial and sanitary laws which all

progressive States find it necessary to enact. On the question, indeed, of their underselling native workers, monopolising certain trades for which they have special aptitude, and diverting those employed in them to other occupations, in a new country where the total labour force is plainly insufficient, an impartial observer might hold that the benefit would outbalance the loss so long as the process is not on a large enough scale to threaten the predominance of the white race. But, without going back to the economic side of the case, Chinese of the class accustomed to emigrate have been universally held, rightly or wrongly, to be undesirable as permanent elements in Anglo-Saxon countries. Laws have consequently been passed either excluding them *qua* Chinese, or imposing upon them language tests which they cannot pass, or requiring fees which they can seldom pay, in the United States, Canada, Australia, New Zealand, Cape Colony, and Natal. For my own part, I would suggest that these laws are usually justifiable. In the Transvaal, where Chinese labourers have been introduced on the plea of economic necessity, an attempt has been made to avoid the social disadvantages of their presence by isolating them in certain localities, confining them to occupations of a low grade, and providing for their repatriation at the end of a term of years, with heavy penalties for any breach of these regulations. It is an attempt quite unprecedented in any country in modern times. Whether the economic necessity really existed, whether such a measure can be effectively enforced, and, if enforced, whether it would not be at the cost of violating fundamental principles of government which should be of universal application—these are questions which it would be out of place to enter upon here.

On the other hand, the world is probably the better for the immigration of Chinese into such countries as Java, the Malaya, and Borneo, where they are an element more progressive, and in many respects on a higher plane, than the aboriginal population. Similarly, the immigration of Indians into tropical countries sparsely inhabited by negroes, such as the West Indies or some of the hotter districts of British East Africa, will be regarded as advantageous. A more difficult problem is presented where Indian traders settle among white communities, and, living at a lower standard of comfort, tend gradually to substitute themselves for the white traders. The problem is especially difficult in British colonies, such as the Transvaal and Natal, in view of the political duty of the Imperial Government to Indians, its subjects equally with the colonists. The dilemma is clearly and shortly

stated in the latest annual report, published in January, 1905, of Mr. Duncan, the Colonial Secretary of the Transvaal. Asiatics, chiefly British Indians, who came into the country before the war, "have," he writes, "been . . . gradually acquiring a large share of the retail trade of the country, particularly in small towns and among the native population. . . . The white trader, jealous of his position in the face of Asiatic competition, and observing the rapid progress which these Asiatics are making, clamours for the exclusion of further Asiatic immigrants and for such restriction of the rights of those now in the country as will protect the white community from what is considered to be unfair and irresistible competition. . . . No solution will be satisfactory which does not enable the Imperial Government to fulfil the obligations to which it is in honour committed as regards its Indian subjects, and does not at the same time effectually remove all risk of this colony being overrun by an influx of Asiatic immigrants, and thereby being narrowed in its capacity to attract and maintain a large and widespread white population." In what way these two conditions can be reconciled is a question which remains for British statesmanship to solve. A case of like difficulty may arise if Japanese emigration seeks an outlet in the future, not only, as it probably will, in Korea and Manchuria, but also in Canada, Australasia, or South Africa. On the one hand, the social value of the Japanese would be great—in the Western States of America the Japanese who have gone there appear to have made a highly favourable impression; they would have much to teach; in British colonies the Imperial Government would wish its obligations with its allies observed, as in the case of Indians its obligations to its subjects. On the other hand, they could probably be no more absorbed than the Chinese into the body of the people, and their industrial competition would be severely felt by the white workers. So, on the one hand, we find in the Federal House of Representatives in Australia, Mr. Bruce Smith, a well-known politician, giving notice of an amendment to the Immigration Restriction Act in order "to permit the entrance of Japanese into the Commonwealth, on the ground that Japan has placed herself in the front rank of nations, has granted religious freedom, has established consulates, and has become the honoured ally of Great Britain." On the other hand, the American Federation of Labour, the largest and most powerful labour organisation in the United States, has recently passed with unanimity a resolution in favour of the total exclusion of Japanese from the United States and her possessions; and on

April 8th of this year the Legislature of British Columbia passed at a single sitting all the stages of Bills restricting the immigration of Japanese into that province, and forbidding their employment on public works. These Bills have indeed since been vetoed by the Dominion Government on the ground that they constituted an interference with the relations between the Imperial Government and Japan. In England, public opinion, so far as our own colonies are concerned, would doubtless, on balance, be opposed to the restriction of Japanese immigration—at least, until it was conclusively shown that it had assumed, or was likely to assume, proportions so large as to endanger the British character of the countries in question.

Finally, in all questions of proposed State action with regard to immigration, whatever the circumstances may be, there is one other factor to which, among the rest, due weight must be attached. It is a factor of large importance. Every system of regulation is in its nature an invasion of freedom. To watch at the ports all the ships that arrive, to investigate the antecedents and try to gauge the capacities of the people who come, to prevent individuals from going where they will and settling amongst you if they wish, to stigmatise, perhaps, all the members of a specified race as unfit to land on your shores and to live in your midst—all this derogates from liberty, and must be distasteful to any nation which holds liberty to be precious. It is a consideration which may sometimes have to yield in the stress of economic pressure, or in presence of a great adulteration of the national stock; but it is a consideration which should make us ask for clear proof of the necessity for restrictions before we consent to impose them.

To sum up what has been said: The political student has no universal rule to offer to the legislator. He cannot urge that, without exception, every country should be open to all who come; nor can he urge that, whenever circumstances permit, the foreigner, if he be poor, should be shut out. Each case, or group of cases, must be judged on its merits. It would be right to exclude the criminal, the diseased, the insane, and the pauper, were it possible to detect them, but in practice it would usually be found preferable to repatriate them after they had disclosed their character than to attempt to exclude them before. For the rest, it is necessary to weigh a number of elements, some of which may have to be put into one scale, some into the other: whether, in point of fact, the immigration does lead to unemployment and distress among the native workers, or whether,

through the introduction of new trades or the expansion of old ones, the labour force of the nation is strengthened without, in the long run, anyone being the worse; whether or not the immigrants are so few in number and so near akin in race that they can be absorbed into the population and leave no mark upon it; if not, the legislator must judge as best he may from the character of the aliens in what respects their intermixture will strengthen and in what respects it will injure his people, whether the net result of their presence is likely to better or worsen the race. And if, when all these elements have been weighed, it seems still uncertain which way the balance inclines, then he will decide the issue by placing in the scale against restriction an unwillingness to interfere with individual freedom. For in political affairs it is at least a safe rule, if there be a doubt, rather to err on the side of liberty.

HERBERT SAMUEL.

PRICES AND SPECULATION IN THE IRON MARKET.

THERE is no task more difficult than the attempt to establish a uniform connection between the prices of iron, the output, the local consumption, the shipments, and the stocks. An equation doubtless exists, but it depends upon so many independent variables that phenomena apparently the same will often have different causes. A fall in prices will logically reduce stocks owing to limitation of output, but if the makers expect the decline to be only temporary, it may for a time lead to an increase in stocks. A rise in prices will deplete stocks as a rule, but if any obstacle to transport—such as a period of drought or bad weather arises—it will cause iron to be put into store. No particular price-phenomenon can be understood without the most detailed examination of all the circumstances attending its appearance. Particular care must be taken to use only with much discretion the daily prices quoted in the market reports. These often refer only to small transactions, and do not represent the actual prices secured by the makers, which often depend upon prior contracts, sometimes of long duration. Fortunately, as regards the North Eastern district, we can eliminate this source of confusion, for, in order to determine blastfurnacemen's wages, the "net average selling price of No. 3 Cleveland pig iron . . . the net average price at the works for each period of ascertainment" is confidentially ascertained for each quarter by two properly accredited and certificated accountants from the books of the eight leading firms of pig-iron makers in the Cleveland district. The "quoted" price is f.o.b. or f.o.t., and naturally higher than the price "at the works"; further, being the seller's price, it is above the average sale price of contracts. The British Iron Trade Association's reports give the make of iron half-yearly, shipments can be ascertained weekly from the port returns, and daily advices are

issued of the iron deposited in Messrs. Connal's public stores. Unfortunately, the makers have ceased to publish the stocks they hold in their own yards.

The ordinary variations of trade are complicated by speculation in "warrants," or the certificates issued of the quantity and grade of iron placed by any maker in a public store. They can be dealt in on the Metal Exchanges, and bought and sold for forward delivery just like shares in Stock Exchange transactions. The specific advantage of the warrant system to the ironmaster, is that by putting his iron into store, and depositing the documents with his bank, he can more easily get an advance on his iron than if he kept it in his own yard, for the iron is at the disposal of the holder of the warrants. On the other hand, since stocks and output are known, it becomes possible, if the course of trade is rightly foreseen, to establish a corner. On the whole, since the ironmaster either melts his pig-iron into steel himself, or sells it direct to the consumer, or to a merchant who undertakes the distribution to the consumer, speculation in warrants may disturb, but cannot control, the iron market. Iron is not a commodity of immediate consumption; whether as the cotton-spinner's mule or the housewife's saucepan it forms part of the working stock of every other industry, and its fortunes depend upon the demand of the rest of the world for renewal and extension of capital. The iron industry strikes its roots both wide and deep, and their sources of nutriment cannot be materially affected by a few merchants pottering about in Glasgow or Middlesbrough. Yet fictional history tells us what injury may be wrought in favourable circumstances even with a little hatchet, and so it is with speculation in warrants. As an example of the effect of illegitimate operations on actual trade we can find no better case than the singular series of manœuvres which distinguished the market in Cleveland pig-iron from October, 1904, to May, 1905. It may be incidentally remarked that previously Scots warrants had been the favourite medium of speculation, but in recent years they have been displaced by Cleveland warrants—G.M.B. No. 3 being the standard brand. This is evidence—perhaps in an undesirable form—of the growing importance of Cleveland in the British iron industry; in 1901–3 the North-East district made 35·3 of the output of pig-iron in Britain.

Before dealing with the great gamble and its effects, it will be necessary to examine briefly the course of trade for some years previously, for not otherwise can the actual commercial situation be understood. The activity of the last ten years in Cleveland

may be summarised as under. The stock on December 31st, 1894, was 103,000 tons.

	Output.	Shipments.	Stocks in public stores end of year.	Average realised price per ton.	
	tons.	tons.	tons.	s.	d.
1895	2,916,439	1,047,330	193,000	35	2·94
1896	3,170,000	1,238,125	178,462	37	6·39
1897	3,197,641	1,249,776	85,671	40	0·37
1898	3,128,098	1,113,312	148,880	40	10·08
1899	3,151,483	1,346,065	71,123	53	0·3
1900	3,070,514	1,113,097	57,247	68	1·43
1901	2,813,585	1,061,870	140,465	47	2·13
1902	2,862,159	1,142,786	121,657	46	10·21
1903	3,108,050	1,216,457	100,095	46	6·96
1904	3,120,000	1,008,336	191,827	42	10·19

From 1895 to the middle of 1900 trade was very good, prices rose, output increased, and stocks diminished; the year 1898 was to some extent an exception, partly, perhaps, as a result of the engineering dispute of 1897, while stocks increased in the last quarter in consequence of a small corner which rushed the price of warrants from 43s. 4½d. on September 29th, to 54s. on November 23rd. The great iron famine in Germany caused a tremendous exportation to that country in 1899 and 1900—the yearly total jumping from 299,114 tons in 1898, to 538,789 tons in 1899, and to 549,120 tons in 1900. Notwithstanding the high prices obtained for iron in those two years the high price of coal and the necessary rise in wages ate away the profits, so that ironmasters had to restrict, rather than extend, their output. The breaking of the German boom introduced a period of depression in the iron industry of every industrial country in the world. Prices fell; so, too, did output, consumption, and shipments, the exports to Germany being 271,000 tons in 1901, and 119,893 tons in 1902. The local consumption of Cleveland iron and also the shipments coast-wise grew, the latter more than regaining the position they had lost temporarily owing to the high prices of 1899–1900. The British iron trade has been subjected to much harsh criticism during the last few years, criticism tempered neither by discretion nor knowledge, but at least we may place to its credit the fact that it neither sunk so low, nor stayed so long in the trough of depression as the iron industries of Germany and America. In a period of universal depression and of exports at low prices, the Cleveland iron industry has increased its home trade although perhaps at diminished profits. It will be as well to set forth this shifting course of trade in tabular form as follows, but in scrutinising the figures it must be remembered that some iron other than Cleve-

land is included in the shipments from the Tees, and that the "consumption" includes an unknown amount for iron in makers' yards.

CLEVELAND PIG-IRON.

	Shipments abroad. Tons.	Shipments coastwise. Tons.	Local consumption. Tons.	Total British consumption. Tons.
1895	529,168	518,162	1,779,109	2,297,271
1896	681,101	558,024	1,946,413	2,504,437
1897	694,161	555,615	2,040,656	2,596,271
1898	575,037	538,275	1,951,577	2,489,852
1899	847,246	498,819	1,883,175	2,381,994
1900	801,908	311,189	1,971,293	2,282,482
1901	501,599	560,271	1,668,497	2,228,768
1902	532,943	609,843	1,738,181	2,348,024
1903	509,668	706,789	1,913,155	2,619,944
1904	474,249	534,087	2,020,932	2,555,019

The brightest event for the British iron trade in 1902, however, was the miners' strike in America, which caused a great demand for iron from Britain. Only 3,500 tons of pig-iron had been sent from Cleveland in 1901; in 1902, 199,569 tons were sent, and in 1903, 80,440 tons. There was a gratifying rise in prices from 43s. 11'66*d.*, the average of quoted prices in January, 1902, to 53s. 3'33*d.*, the average for September. But when this special demand was satisfied prices once more fell. The depression in shipping and shipbuilding particularly affected the makers of haematite iron for steel making. The output of steel on the North-East coast fell from its maximum of 1,390,891 tons in 1899 to about 1,070,000 tons in 1903.

Throughout 1903 prices fell, except for the ordinary spring rise. The output in the first half of the year was 1,606,963 tons, but fell to 1,501,087 tons in the second half; it rose but slightly in the first half of 1904 to 1,538,479 tons, and a further rise to 1,582,000 tons in the second half of the year was made under circumstances we have now to consider. Except for a small rise in the spring the first nine months of 1904 showed that the depression of trade was deeper than ever. The demand from America had disappeared altogether. Scots ironmasters being short of orders had cut prices, and shipments to Scotland fell from 380,000 tons in the first nine months of 1903, to 330,836 tons in January–September, 1904. Not only were German orders little more than a quarter of what they had been in 1900, but owing to the drought which prevailed on the Continent all summer the rivers and canals were too low to allow the transport of the ordered iron to the interior, and so many orders were cancelled; in many other cases delivery was postponed, and in a few others the iron was forwarded by expensive

rail routes. Comparing 1904 with 1903 prices we get the following :—

	1903.			1904.	
	Quoted.	Realised.		Quoted.	Realised.
	s.	d.		s.	d.
January.....	47	4	47 2·81	42	7
February	48	8		42	9
March	51	7		43	2
April	49	1	48 4·74	44	8
May	46	6		44	3
June	46	4		42	11
July	46	8	46 6·95	42	10
August	46	9		43	2
September.....	46	0		43	0
October	43	9	44 1·37	43	5
November	43	1		45	2
December	41	10		47	10
Yearly average.....	46	5	46 6·96	43	9
					42 10·03

The stocks in Connal's stores fell from 100,095 tons in the beginning of the year to 79,322 tons on July 31st, 1904—the spring revival commonly reduces stocks—but on account of the postponed German orders they rose to 94,889 tons on September 30th. October showed no actual improvement. The same conditions restricted the Scots and German trades, and the total shipments for the month were only 85,416 tons, against 120,307 tons in October, 1903. Stocks further rose to 115,028 tons. Despite this unfavourable statistical position there was a prevalent feeling that the trade had “turned the corner.” “The evidence of actual improvement is of the smallest, but most manufacturers say that they are less badly off than they have been all the summer, that orders have begun to come in rather more freely, and that the inquiries they receive indicate that buyers are thinking it is time to move.”¹ In particular the improvement in freights was expected to stimulate shipbuilding. On the other hand, the rail market was depressed, and Bolckow, Vaughan, and Co.'s works at Eston went on half time. Reports of improved trade in America stiffened the tendency in British markets, and prices hardened somewhat, despite the constant additions to stocks throughout the month. In the United States the history of the year closely resembled that just narrated for Britain. The year opened with a weekly production of 197,931 tons, the lowest since September, 1897; stocks had increased to 688,615 tons from 119,641 at the end of January, 1903; and booked orders showed a great diminution. Production in the spring was brisk owing to large building and railroad orders, but the spurt was soon over, and during the summer stocks once more accumulated from 449,059 tons at the end of April, to

¹ *Iron and Coal Trades Review*, November 4th, 1904.

670,340 tons at the end of August. The price of Bessemer pig-iron at Pittsburg fell from \$14.25 on January 1st, to \$12.50 on June 30th, but the prices of finished products were maintained unchanged by the pools. At last concessions were made (except in rails, where the price was kept at \$28 throughout the year)—\$4 a ton in steel billets, bars, and structural material, and \$4 to \$6 in plates. A large quantity of orders was at once evoked, production of pig-iron increased, stocks diminished, and prices rose (aided by a scarcity of coke at the end of October). At the beginning of October the United States Steel Corporation had only 3,027,436 tons of unfilled orders on its books, the smallest for two years, but shortly after the new quarter opened orders were coming in at the rate of 26,000 tons a day, or 30½ per cent. more than a year before. The favourable effect of the Russo-Japanese war on the steel trade was another “bull” point, and everywhere it was evident that America was in for a big revival of trade.

About the middle of October activity in the Cleveland warrant market became noticeable. The inner history of the beginning of the movement is quite romantic. A gentleman well known in the British iron trade, a man of ripe experience and sound judgment, went on a pleasure trip round the world. Arriving at New York he found the iron trade at the commencement of a big boom, and being convinced that America would have to come to Britain for iron in the spring, he gave up his trip and cabled home to buy iron—warrants, makers’ iron, everything. New York houses which held the same view strongly supported him, and a group of London operators, who had made good profits recently out of tin and copper, also backed him. He, however, was the chief actor in the movement up to the following March, and so skilful was his action that he got a large holding almost before prices moved. The operation was simply the ordinary transaction of buying in anticipation of a future demand. The only thing which differentiated it from operations which take place every day on the Exchanges at Glasgow and Middlesbrough was its scale, and the—as it proved—extraordinary miscalculation of the capacity of the American furnaces to meet the demand for iron on which it was based. Even at the end of the year American authorities believed that there would be a shortage in the American supply of between four and five million tons. But if it were in some degree reckless, the movement cannot be justly called illegitimate.

The speculation had to take place in Cleveland warrants, for there were only 10,000 tons of Scots iron and 13,000 tons of haematite in the public stores, and for a long time transactions in

Scots warrants had been very infrequent. The effect on the price of warrants was immediate and pronounced. On October 25th warrants were quoted at 44s. 2d., and makers' iron at 43s. 6d., rises of 1s. 3d. and 6d. per ton respectively in the month. Henceforward the demand for warrants dominated the market, and the prices of makers' iron reluctantly followed the same upward course at an interval. It is always more advantageous for pig-iron producers to accept a lower price from consumers for actual deliveries of pig-iron, which are thereby removed from the market, than they can get for warrant iron, which is bound, some time or other, to come back into the market. But the demand for warrants was so great that the ironmasters naturally consulted their immediate, instead of their more remote, interests, and placed their iron into the public stores so that the warrants issued against it might be at the disposal of the speculators.

The month of November exhibited the contradictory position of rapidly rising prices and rapidly accumulating stocks. Iron poured into store at the rate of more than 1,300 tons per working day, and on November 30th there were 149,600 tons in stock, an increase of 34,572 tons in the month. Shipments, too, were much worse than in October, aggregating only 68,607 tons, whereas the last ten years' average for November was 94,000 tons. Nevertheless, the price of warrants, which had been 44s. 0½d. per ton on October 27th, was 45s. 10d. on November 3rd, 45s. 6d. on November 10th, 46s. 3d. on November 17th, 46s. 9d. on November 24th, and 48s. 6d. on December 1st—a rise of 4s. 5½d. in the month. The prices of makers' iron on the same dates were 43s. 6d., 44s. 6d., 45s. 3d., 45s. 6d., 46s. 3d., and 47s. 9d.—a rise of 4s. 3d. The consequence was that little genuine business was done, and outside speculators came in to take part in the gamble.

Meanwhile the pig-iron market in the United States had been for some time in an excited state. The price of Bessemer pig at Pittsburg rose from \$12.60 a ton on September 29th, to \$13.85 on October 27th, to \$15.85 on November 24th, and to \$16.85 on December 29th, while the price of No. 2 foundry iron rose similarly from \$12.50 to \$14.35, \$16.35, and \$17.35. The output of pig-iron in July was only 1,106,297 tons; in September it rose to 1,352,677 tons, in October to 1,448,973 tons; in November to 1,408,602 tons, and to 1,660,000 tons in December. On November 30th the stock of pig-iron was 449,456 tons, the lowest for fifteen months. Production was thus keeping well abreast of demand, and with a possible output of 20,000,000 tons in 1905, the hopes of

the "bulls" that America would take all the British surplus at top prices seemed over-confident. Yet it was plain that, except for export purposes, when a drawback of most of the duty could be obtained, competition with America was impossible at the beginning of December with warrants at 48*s.* 6*d.*, duty 16*s.* 8*d.*, and freight 5*s.* 6*d.* to 6*s.* 6*d.* a ton, unless prices rose there well over \$17 a ton. Prices receded to 47*s.* a ton on December 8th, despite the growth in consumption owing to consumers covering their immediate requirements, but soon rallied under the influence of the better outlook in the shipbuilding market and the addition of 2*s.* 6*d.* per ton to the price of steel plates, which had hitherto been quoted at £5 12*s.* 6*d.* to £5 15*s.* a ton. On December 29th warrants were at 50*s.* 8*d.*, and makers' iron at 49*s.* 6*d.*—prices relatively higher than in America. Simultaneously stocks had increased to 191,827 tons on December 31st, or 96,938 tons above what was in store on September 30th.

At the end of this first phase of the movement we may stop to ask how far the increase of price of 6*s.* 6*d.* a ton in makers' iron—and 7*s.* 7*d.* a ton in warrants—was justified. Haematite pig is used for making steel, while foundry iron is largely used for pipes and railway work, and, to a comparatively small degree, in engineering work. They are not influenced by the same causes, though shipbuilding orders would indirectly affect foundry prices. There was, as stated, a genuine revival in shipbuilding, causing a demand for plates, and therefore for haematite pig. There was no corresponding demand for foundry iron; in fact, the large foundry iron consumers found their trade diminishing. We can thus compare the course of prices of an iron where there was a real revival of trade and no speculation, with that of an iron which may have been affected by the general improvement of business, but certainly was the subject of speculative manoeuvres. The vessels built at North-Eastern ports in 1904 amounted to 697,631 tons in 1904, compared with 623,437 tons in 1903, though much was done at not very remunerative prices. The price of N.E. coast haematite mixed numbers rose from 49*s.* 9*d.* a ton on September 29th, to 54*s.* on December 29th, an increase of 4*s.* 3*d.* a ton, or 8·5 per cent. Haematite is generally about 7*s.* a ton above Cleveland iron, so that a normal rise for the latter might have been to, say, 47*s.*—but this is only a supposition, since the two irons cannot be substituted for each other. This would have been a very fair price—better than the yearly average realised price for any year since 1875, except 1890, 1899, 1900, and 1901. The following

comparison of quinquennial averages of realised prices of Cleveland iron is instructive :—

	s.	d.		s.	d.
1866-70	45	7·8	1886-90.....	36	5·17
1871-75	66	10·4	1891-95.....	36	9·31
1876-80	40	9·48	1896-1900.....	47	11·08
1881-85	38	2·05	1901-04.....	45	10·38

A further indication of the irrationality of the price of warrants is afforded by the increasing margin between it and the price of iron sold by makers. On September 29th warrants were a penny higher than makers' iron; in October the margin was 3½*d.*, in November it averaged 7½*d.*, and in December 8½*d.* We may also note that among competitive irons which would be to some extent affected by the rise in Cleveland iron, Glengarnock No. 3 foundry rose from 51*s.* in September to 53*s.* 6*d.* in December; Eglinton No. 3 foundry from 48*s.* 6*d.* to 51*s.* 6*d.*, and Lincolnshire foundry from 47*s.*—47*s.* 6*d.* to 51*s.*—52*s.*

Summing up the trade of the year we can see little to justify so great a rise. Shipments coastwise and abroad—mostly consisting of foundry iron—had fallen from 1,216,457 tons in 1903 to 1,008,336, and out of this decline of 208,121 tons, 84,120 tons stand to the account of the last quarter. Shipments to Scotland fell off 103,260 tons in the year, those to other English districts about 70,000 tons, and the American trade of 80,000 tons had disappeared entirely. Aggregated quarterly, the shipments were 263,496 tons, 284,828 tons, 236,952 tons, and 213,060 tons. The spring movement was genuine—prices rising, stocks falling, shipments increasing; the autumn movement was characterised by rising prices, increasing stocks, and decreasing shipments. Nor was the decline in shipments offset by an increased local consumption of foundry iron. Precise figures are lacking, but while the output of puddled bars, and therefore of forge pig, was much the same in 1903 and 1904, the output of steel increased about 180,000 tons in 1904, bringing with it a corresponding increased production of haematite and basic pig. The increased local consumption of all grades of pig-iron is thus more than accounted for by the increase in steel, and, therefore, we may assume a decline in the local consumption as well as in the shipments of foundry iron. There was, consequently, no specific trade reason for any rise in the price of No. 3 pig, which is a foundry iron; the only cause for a rise was the sympathetic action of the general improvement of trade, and particularly of the shipbuilding and steelmaking industries of the North-East coast. There the revival was genuine. The conclusion is plain that but for the American situation there

would only have been a sympathetic rise of a few shillings; the bulk of the increase was due to the belief that America must come to England for iron, and to the operations founded on that belief. It was a speculation, as every anticipation of demand must be to a greater or less extent, but as the belief was firmly held by good judges we cannot consider the operations as entirely baseless.

With the turn of the new year it looked as if some of the gamblers had decided that the movement had gone far enough, and that it was time to realise their profits. Accordingly warrants, which were quoted at 51s. 1½d. on January 3rd, fell to 47s. 11d. on January 24th, and, after a small recovery, to 47s. 7½d. on January 31st. Makers' iron, in the same time, fell from 50s. to 47s. 3d. Yet the market was not without its good points. There was a brisk demand for new steamers; the price of steel plates had hardened from £5 15s. to £5 17s. 6d., and at the end of the month were quoted at £5 17s. 6d. to £6; the Moor Works No. 1 plate mill was reopened. Although foundry iron was not directly affected, still, so far as home trade went, there was more justification for the high prices than during the previous three months, and yet prices fell. All the time iron poured into store; on January 31st the total was 237,594 tons, a rise of 45,767 tons in the month, and two furnaces were blown in at Cargo Fleet and Walker, Maynard and Co.'s works. Shipments for the month amounted to 53,277 tons, against 79,913 tons in 1904.

Scotland was now taking only about 600 tons a day as against 1,500 a year before. The total shipments for February from the North-East coast were 61,322 tons, compared with 79,004 tons in February, 1904, and were the worst in February since 1895. Nevertheless a furnace was blown in at the Tees Bridge Works, and Bolckow, Vaughan and Co. started two new furnaces producing 2,500 tons a week each, and a second furnace was to be blown in at Cargo Fleet. On the other hand the Clarence Rolling Mills were reopened, though this was counterbalanced by the closing of the Britannia Mills. There was a lull in the ordering of fresh steamers, but the makers of finished iron and steel were well supplied with orders. The influx of iron into store continued at an undiminished rate, the total on February 28th being 279,271 tons.

The American output was rising, and the price of Bessemer pig at Pittsburg fell from \$16.85 on January 5th, to \$16.35 on February 16th, and the price of No. 2 foundry from \$17.35 to \$16.60. It was plain that the American demand was not about to come, and so every merchant who was not a "bull" became an

active "bear." Iron was sold forward recklessly for one, two, and three months, until the oversold account assumed enormous proportions. Prices fell to 47*s.* 6*d.* in the middle of February, and makers' iron to 47*s.* 3*d.*, while the market for actual consumption was entirely in the hands of the merchants. The curious thing was that all along it would have been advantageous for Americans to buy Cleveland iron for export orders on which they would have got a drawback of 99 per cent. of the duty, but the only order which came was for 30,000 tons of haematite pig, distributed between Middlesbrough, Jarrow, and South Wales, and intended to be made into rails for export to Argentina. A good deal of spiegel was also sent to the United States from Cleveland and Germany.

The size of the oversold account proved a danger to the "bears," who were chiefly Glasgow operators. A syndicate was formed in Middlesbrough with good financial backing to corner the "bears," and so the movement entered upon its second phase, which lasted roughly three months. At first the "bears" laughed at the combination, and over-selling continued. The bulls had to buy all the warrants offered and also all the iron put on the market by makers, for their game was to force the bears to close their accounts at enhanced prices. The rising market and the demand of the "bears" for iron to cover their sales stimulated the output of iron. Prices fluctuated owing to the dubious character of the early stages of the conflict and to profit-taking by outside speculators, but still February closed with warrants up to 48*s.* 9*d.*, and makers' iron at 47*s.* 9*d.*, after being most of the month at 47*s.* 3*d.* The margin, it will be noted, was again increasing. In March prices continued upwards, partly on encouraging though ill-grounded reports from the United States, partly because finished iron makers were compelled to replenish their stocks, and partly on account of the ordinary vivifying effect of the spring trade. Warrants touched 50*s.* 2*d.* on March 9th, and fluctuating downwards, closed on March 30th at 49*s.* 11*d.*, makers' iron registering 49*s.* 3*d.* and 48*s.* 6*d.* on those dates. The general result of the month was thus a substantial rise, despite the increase of stocks to 335,422 tons. The average quoted prices were for January 49*s.* 0½*d.*, for February 47*s.* 4*d.*, for March 48*s.* 8½*d.*, and for the quarter 48*s.* 4½*d.*; the average price realised was 45*s.* 6·89*d.* Shipments for the quarter totalled 194,548 tons, against 263,496 tons in 1904, and 295,938 tons in 1903. The quarter's shipments to Germany were under 30,000 tons, whereas in 1900 they had been 127,205

tons. With No. 3 quoted f.o.b. 49s., duty 10s., and freight and shipping dues 4s., delivery at Hamburg could only be made at 63s. a ton, whereas German iron was procurable at 57s. Scots pig, too, was relatively cheaper than Cleveland iron, and in addition, thanks to the rise in the latter above its legitimate value in proportion to that of other districts, Lincolnshire and Northamptonshire iron were now finding a market in Scotland. It is noticeable, also, that from the middle of February the price of Lincolnshire iron appears to be much less influenced by the course of Cleveland iron than it had been in the last quarter of 1904.

The less favourable reports from America brought about realisations, and warrants fell from 49s. 11d. to 49s. 4½d. on April 4th, 49s. on April 6th, and 49s. 0½d. on April 11th; makers' iron was steadier at 48s. 6d., but fell to 48s. 4½d. on the 11th. The market then rallied on aggressive "bull" support, and 250,000 tons of iron changed hands on the Glasgow market in the week ending April 14th. Yet the output in America had reached the figure of 1,936,000 tons in March, which effectually destroyed all reasonable hope of exports to that country. The facts did not justify any further rise. By the end of the month stocks had increased to 397,265 tons—more than double what they were at the beginning of the year—and shipments were only 87,953 tons compared with 110,725 tons in 1904, and 112,000 tons, the average for the last ten years. The shipments for the four months were 282,500 tons against 372,000 tons in 1904—the worst showing since 1892. Increased shipments of haematite to the Continent partly offset the fall of 70,200 tons in the Scots trade. Nevertheless, on April 27th, warrants were at 51s. 4d., and makers' iron at 49s. 6d., the difference between the two being the greatest since the gamble began. In fact, after April 11th, the "bulls" made a definite attempt to bring the squeeze to a successful termination—the turnover in warrants on the Glasgow market for the week to the 14th was, as already said, 250,000 tons, for the week to the 21st, 170,000 tons. Then came a new phase; hitherto the forward price of warrants had been the same, or slightly above the cash price, showing that prices were expected to rise. Thus, on April 19th, business was done at Glasgow at 50s. 1d. to 50s. 5d. cash; 50s. to 50s. 3d. seven days; 50s. 2d. to 50s. 8d. month. But towards the end of April forward prices began to fall; on April 26th, at Glasgow, closing buyers were 51s. 2d. cash, 49s. 1½d. one month; sellers 51s. 3d. cash, 49s. 3d. one month. The "bulls," in fact, were refusing to buy iron for delivery at a month.

The struggle now became intense. From the beginning of April makers' prices lost all relation to the price of warrants; 49s. to 49s. 6d. a ton was quite a satisfactory price for an iron-master to get for his iron, and it fully paid him to sell to the "bears" at that rate, even though in so doing he was helping to break the rise from which he was profiting. It is true that genuine business was at a standstill, and that the iron which makers were pouring into store for the creation of warrants would some time or other come back into the market to their loss, but for a long time the gamble and its ultimate results had been beyond the control of the iron-masters, and it seemed best to take what profit was possible from the necessities of the gamblers, and thus lay up a reserve against the bad times and depressed markets which must necessarily result. The fall in American prices from the recovery which they had made in March was an additional warning that the extraordinary price of warrants could not long continue. The "bulls" countered by calling up all their iron, and warrants rose to 53s. 9d. on May 4th, and 54s. 8d. on May 11th, makers' iron being quoted at the nominal rate of 50s. 6d.; warrants at a month's delivery were 47s. 9d. on May 11th, and the stock of No. 3 iron in store on that day was 430,560 tons.

The situation now developed rapidly, for it was understood that the corner was to be closed on May 19th. Genuine business had ceased for nearly a month, both on the Glasgow and on the Middlesbrough Exchanges, and even the Midland trade was affected, manufacturers being uncertain how to quote for forward contracts, as they did not know whether the "bulls" or the "bears" would win. It was already plain that many bears were irretrievably over-sold, and they made the most frantic efforts to cover themselves. Iron was rushed into store from all quarters; there were only two makers who would not allow their brands to be put into store. Even a cargo of iron which had been sent to Port Dundas, near Glasgow, for distribution among consumers, was brought back to Middlesbrough to be put into Connal's store. On May 18th stocks amounted to 458,304 tons. The day to day movement of prices is instructive:—

May 15th. Cash, 54s. 9d.; month, 47s. 6d.

May 16th. Cash, 54s. 9½d.; three days, 48s. 3d.; nine days, 47s. 3d.; month, 47s. 3d.

May 17th. Cash, 55s.; seven days, 47s. 3d.; month, 46s. 7½d.

May 18th. Cash, 55s.; month, 46s. 6d.

May 19th. Cash, 55s.; month, 45s. 4d.

On the last-named date the "bears" had to yield up the last fragment of their hide to the clique of "bulls." The settlement was mostly conducted privately, and very large sums changed hands, many of the operators suffering severely, for it was reported that the "bears" were "short" 300,000 tons. On Monday, May 21st, the market opened at 46*s.* 6*d.* cash and closed at 46*s.*, and 45*s.* 4*d.* for month's warrants. On May 22nd both cash and month's prices were 45*s.* 4*d.* The great gamble which had stifled legitimate trade for a month was over, leaving the market idle, operators not knowing what course prices would take.

The result of the gamble to the gamblers was summed up as follows by the *Economist* (May 27th, 1905):—"When the squeeze ended on Friday, the 19th inst., there were about 480,000 tons in the Middlesbrough stores, but this quantity included No. 4 iron, of which there is always a little, more or less, in store. The actual quantity of No. 3 represented by warrants was, we understand, 440,000 tons, and all the warrants are held by the Middlesbrough clique. But over and above the purchase of that quantity they have had to deal with the fictitious quantities offered by the 'bears,' and these must have aggregated not less than 300,000 tons. It follows, then, that the 'bull' clique have had to acquire, say, 740,000 tons of iron, of which they have resold only 300,000 tons to the 'bears.' On the re-sales they will have made profits ranging from 1*s.* 6*d.* to 5*s.* per ton; their total profit in squaring with the 'bears' is estimated at about £55,000. On the other hand, the warrant stock has cost them, on the average, close upon 50*s.* per ton, and even deducting the profit they have extracted from the bears, their present holding of hard iron cannot have cost them less than the equivalent of 47*s.* 6*d.* per ton."

The "bulls" are thus left "holding the baby," a baby of considerable size and somewhat unmanageable. On the basis of the *Economist's* figures the bulls cannot afford to dispose of their holdings below 47*s.* 6*d.* a ton. Of course the lower the average price at which they bought their iron the lower will be the price at which they can now afford to sell, and it is generally understood in Middlesbrough that the *Economist's* figures are too high, and that if the "bulls" get out at 45*s.* 6*d.* they will avoid loss, but will make no profit. On the other hand, the longer they hold their stock the more will rent and interest run up until they may be driven to cut their losses at any price. Much depends on their financial backing, and that, of course, is a secret. Scots warrants are generally from 6*s.* to 8*s.* above Cleveland, and with the price of the former ruling in May and June about 51*s.*, Cleveland ought

not to exceed about 45s. In the absence of any extraordinary demand from America, which now appears less likely than ever, the outlook for the "bulls" is not over brilliant.

The way in which the aftermath of the gamble continues to depress the market is shown by the following instructive operation. A group of operators sold warrants forward at a shilling premium, covering themselves by buying iron which could be put into store at a cost of 9*d.* a ton. They were thus sure of a profit of 3*d.* a ton in any event, but when warrants fell to 45s. 2*d.* after the squeeze, they bought warrants at that price to cover their sales, and instead of putting their iron into store they threw it on the market at 45s. They gained a shilling on the former transaction and lost twopence on the latter, their net gain being tenpence a ton, and until their holding is off the market it depresses prices.

At present (June) German trade is excellent, and at current prices, 45s. 6*d.* a ton, business with Germany will be brisk. Italy also wants large supplies, and there is every prospect that Cleveland ironmasters will be able to sell all their production until the winter at current rates, buyers preferring to take makers' iron as they can then select their brands. The heavy stocks will act as a steadier on the market and keep prices at a level provocative of trade. A serious break in prices would disorganise the Cleveland pig-iron industry, but it is understood that the "bulls" have quietly disposed of about 50,000 tons of their holding, and the wider the area within which the stock is held the more likely are prices to remain steady. After the close of the gamble stocks only increased slowly, being at the end of May 487,630 tons, an increase since May 19th of 29,000 tons, and on June 15th 489,363 tons. Shipments for May were 82,034 tons, and up to June 14th 42,576 tons, comparing with 96,708 tons and 34,934 tons respectively in 1904. The general trade outlook is not unfavourable.¹

The effect of the gamble may be summed up in the paralysis of genuine trade and the temporary loss of the Scots and German markets. Not only in the North-Eastern district were consumers compelled to restrict their buying to the covering of absolutely necessary requirements, but the sympathetic rise in the prices of competitive irons made itself felt in the reduction of consumption

¹ Shipments for June were 95,432 tons, and for July 74,962 tons, the decline being due to the Glasgow holidays. Connal's stores at Middlesbrough held 507,839 tons of Cleveland iron on June 30th, and 528,769 tons (of which 470,981 tons were No. 3) on July 27th, the increase being due to makers delivering on account of earlier sales of warrant iron. Prices fell to 45s. 8*d.* on July 13th, and to 45s. on July 20th, but hardened to 46s. on July 27th, at which figure they still were in the beginning of August.

at Manchester and Birmingham. It is also probable that had the price of warrants not risen above 45s. a good deal of iron would have gone to the States. Including duty and freight that price was equivalent to \$16.40, and from the beginning of December, 1904, till the middle of May, 1905, the price of No. 2 foundry iron at Pittsburg was above \$16.50. The speculators, by forcing up prices, made it more difficult for America to take iron from us, and thus hindered the very thing on the occurrence of which they were relying to justify their policy. The lost markets will probably be regained, for the determining factor is the relative value of Cleveland pig-iron, but it is doubtful whether they will be regained all at once or in their entirety. Trade has had time to hollow out fresh channels for itself, and it will take time and trouble to divert it back into the old, as was found when so much of our trade went to Belgium after the strikes of 1893. The loss to the community through the stagnation induced in all our industries by the high price of iron when a moderate price might have stimulated them into activity is, of course, irrecoverable. On the other hand there is a limited effect in the good prices secured by the ironmasters for their product, mainly at the expense of the speculators, and the heavy stocks will prevent them from forcing up prices if there is a sharp recovery in trade. The blast-furnacemen of Cleveland, 5,500 in number, whose wages are regulated by a sliding scale in accordance with realised prices, have also profited. They began 1904 with a reduction of 3 per cent. on the scale, making their wages 15 per cent. above the standard of 1879; on April 2nd a further reduction of $2\frac{1}{4}$ per cent. was made, balanced on July 1st by a rise of 1 per cent., to which followed another fall of $\frac{3}{4}$ per cent. on October 1st. On January 1st, 1905, when the gamble had been in progress nearly three months, an increase of 1 per cent. was made, and on April 1st a further rise of $2\frac{3}{4}$ per cent., bringing wages up to $16\frac{3}{4}$ per cent. above the standard. Employment was not only continuous, but increasing, for while in November, 1904, there were 77 furnaces in blast in the Cleveland district, there were 85 in May, 1905.

Exceptional profits and exceptional wages, balanced by stagnation and loss, are not welcomed either by employer or employed, whose ideal is steady trade, steady prices, steady wages. As this ideal is difficult enough, if not impossible, of attainment in ordinary times, it may be imagined that the incursion of the gambler is not viewed with equanimity. "How much longer," said the President of the seventeenth annual congress of the National Federation of Blastfurnacemen, Ore Miners, and Kindred Trades,

“are we going to allow irresponsible sharpers to gamble with our bread and butter, or, we might add, with the life blood of the men, women, and children who are interested in the production of pig-iron in the district?”¹ But it is much easier to reprobate an evil than to find a remedy.

The parties to the gamble were merchants; the producers provided them with the counters to play with, and will have to bear any ultimate loss arising from the disturbance of trade. The function of the merchant is to bring the consumer and producer together, and to undertake the delivery of the material, levying a percentage for his trouble. As Mr. (now Sir) Hugh Bell said before the Royal Commission on Labour, Group B:—“It would be adding very greatly to the labours of the ironmaster if, in addition to the making and the selling of the iron, he had to find the mode of transport to all places abroad. For instance, the other day I had to examine into some iron which had to go to a remote part of Switzerland. I should not know how to set about getting it there; in fact, I had a very great difficulty in finding out how I was to get there myself. We send a large quantity of iron to Scotland. There, again, the distributing agencies are of a very complicated character. There is first the shipment by sea to Grangemouth, then the canal transport, then the cartage through the city of Glasgow itself. I could not undertake that, in addition to my other labours, I should supervise all that. We sell to a merchant who attends to all these other matters, and is, in point of fact, carrying on a business just like we are.” (Qs. 14,598, 14,599.)

The merchant, however, is not content with this position; he seeks to manipulate the prices of iron so that they may be low when he wants to buy, and high when he wants to sell. Had he to go to the producers whenever he wanted material such manipulation would be impossible, but by putting their iron into public stores the producers enable merchants to depress the market by “bear” sales of warrants. The makers can remedy this by taking the sale of their production into their own hands and dealing direct with the consumer. How far this may be possible with the iron trade in its present state of organisation into large individual firms is doubtful. A large trust or kartell can do without the middleman and dispose of its products through a central sales agency, the savings arising out of a large mass of trade being more than enough to recoup the expense of the new department. But it is less

¹ *North-Eastern Daily Gazette*, June 7th, 1905.

likely that sufficient economies could be made by a single firm to justify it in attempting the new development. In another way the same object could be attained, and is to a large extent attained to-day, namely, by the ironmasters undertaking additional branches of iron and steel manufacture. Most large ironworks have now their steel-melting shop and their rolling-mills, and in this way a large quantity of pig-iron is withdrawn from the pig-iron market. Whole classes of finished products are made only to order, and it would not be easy to establish a corner in tramway-rails or boiler-plates! Furthermore, steel works without blast-furnaces are at a disadvantage in buying their iron in booming times, and "pure" blast-furnaces are equally badly placed. As Mr. Axel Sahlin of Millom told the Iron and Steel Institute: ¹ "As for the struggling independent blast-furnace marketing a product of Bessemer iron, often through the agency of brokers, and the equally crippled maker of standard grade steel, who looks to the same intermediary and to the warrant-yards for his raw material, I venture the prediction that many of these will soon be driven to the wall, unless they sensibly combine forces, each plant becoming a co-operating link in the unbroken chain of processes which turn the ore into merchantable steel." Steel, of course, is one thing, and foundry iron another, but the Carron Co. works up its own pig-iron in its foundries, and in the possibility of some further development of this kind is one, if a slow and distant, means of escape from the power of the merchant. •

The possibility of gambling on any large scale depends on the warrant system, and it still remains to discuss the commercial utility of warrants. • It must be remembered that an ironmaster must always to a certain extent make for stock. To operate his works economically he must run them day and night, and to blow out or even damp down his furnaces is an expensive proceeding. In periods of bad trade he will, therefore, accumulate stocks until it becomes evident that the depression will be prolonged, and then he blows out a furnace or two and seizes the opportunity for making any necessary repairs. The amount of iron which a maker can carry is limited, and he will consequently seek advances from his bankers on the stock in his yard. A pile of iron lying undistinguished from other piles in the makers' yards is an unsafe form of security, and it was owing to abuses in connection with such advances that Messrs. Connal and Co. some sixty years ago opened their first warrant stores. Iron deposited against warrants is a perfect security for the property passes to the holder of the

¹ *Journal of the Iron and Steel Institute*, 1901, vol. i. p. 163.

warrant. This is the utility of the warrant system to the iron-master, but it carries with it the commercial disadvantage of offering a temptation to the continued production of unsaleable iron for the creation of warrants, iron which will return to the market and keep down prices even after trade has recovered. The loss to the makers is balanced by a corresponding gain to the merchants who, if financially strong, can provide themselves with stocks of iron when warrants are low.

To some extent a speculation in warrants may be used like a purchase or sale of cotton futures for purposes of insurance, but such transactions play no great part in the warrant market. Cotton futures, when used for their legitimate purpose as cover and not for gambling, act as an equaliser of the market and facilitate, in a way favourable to the producer, the moving of the crop, which otherwise would come on the market in one mass. Neither of those functions can be performed through warrants in the case of a commodity like iron, which is produced regularly throughout the year, and may be either sold by the producer or used in his own works. The utility of warrants as a mode of financing in bad times has also diminished as the number of iron-producing firms has decreased and their magnitude increased. The quantity of iron normally in warrant stores is only a fraction of what it was some years ago. The total stock in Cleveland on December 31st, 1887, was 652,445 tons, of which 315,748 tons were in warrant stores; between 1880 and 1889 the amount of warrant stocks on December 31st varied between 59,000 tons and 343,000 tons; between 1890 and 1899, from 27,000 to 193,000 tons; and in 1890-4 from 99,000 tons to 191,000 tons. Cleveland stocks of haematite were 130,000 tons at the end of 1896, but since 1900 have been only a few hundred tons. Even more remarkable is the disuse of Scots warrants; not only have stocks diminished, as a whole, from 1,244,000 tons in 1889, to 128,000 tons in 1903, but the warrant stocks, which in 1893-8 held from 288,000 to 363,000 tons, contained in 1903 only 9,290 tons. Yet both in Scotland and in Cleveland the iron and steel industries not only flourish but expand. We, therefore, conclude that the warrant system is unnecessary, and unless retained for gambling purposes will shortly disappear.

It is, therefore, a matter of regret that in 1904 a "Standard Foundry Warrant" was created; eighteen brands of Scots iron, nineteen of Middlesbrough, fourteen of American (Alabama and Tennessee), and five of Lincolnshire are included, and are deliverable against the warrant with rebates and premiums relative to

No. 3 Cleveland iron. Though regularly dealt in, these warrants are not popular, since the buyer never knows what iron he may get or where it may be delivered, and may have to pay differences on a quality of iron which he does not really want. It is, therefore, always quoted below No. 3 G. M. B. Cleveland. The Standard Warrant is purely a gambling counter which stands in no real relation either to the needs or the circumstances of the iron industry.

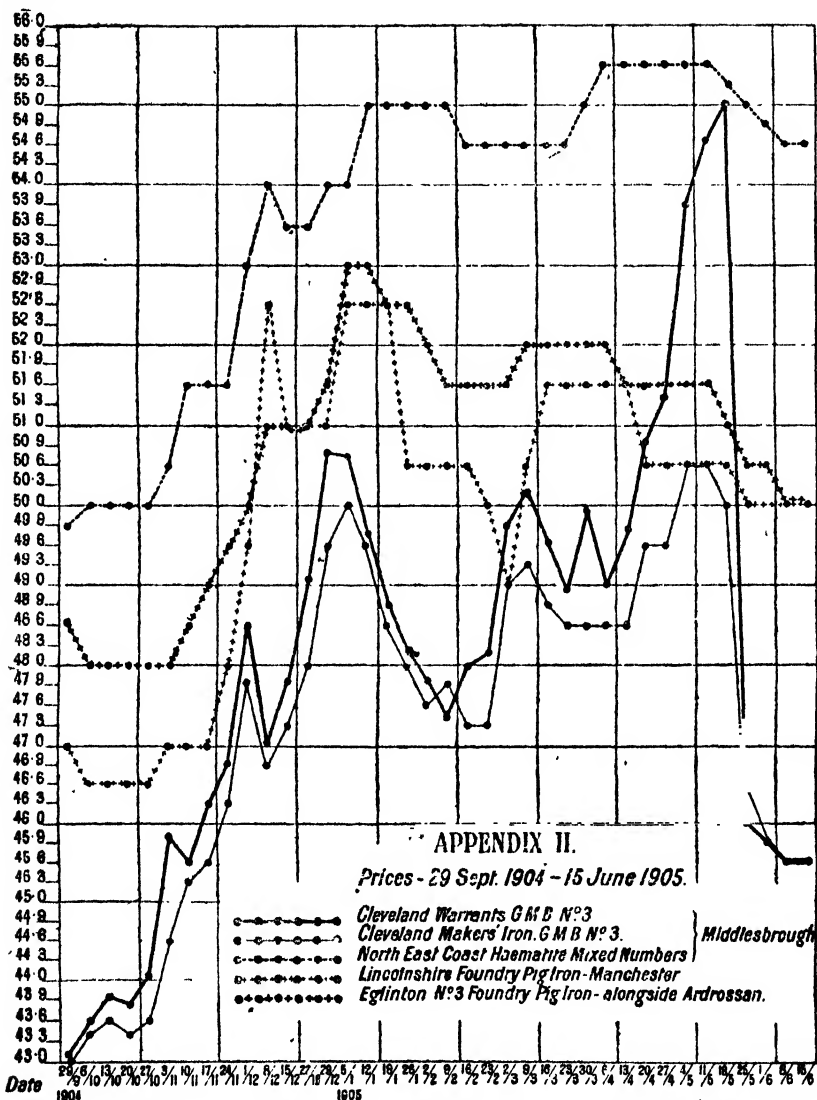
HENRY W. MACROSTY

APPENDIX I.

TABLE OF FIG-IRON PRICES AND STOCKS.

	Cleveland.		Glen-garnock No. 3 (Ardrossan).	Eglington No. 3 (Ardrossan).	Lincolnshire No. 3 (Manchester).	N.E. Coast Haematite (Middlesbrough).	Pittsburg.		Stock of No. 3 Cleveland Iron in Connal's Stores, Middlesbrough.
	Makers' Iron (Middlesbrough).	Warrants (Middlesbrough).					Bessemer Pig.	Foundry, No. 2.	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	£	£	Tons.
1904 Sept. 29 ...	43 0	43 1	51 0	48 0	47 0	49 9	12.60	12.50	94,371
Oct. 6	43 4½	43 6	50 0	48 0	46 6	50 0	12.85	12.60	97,892
Oct. 18	43 6	43 9½	50 0	48 0	46 6	50 0	13.00	12.85	100,077
Oct. 20	43 4½	43 8½	50 0	48 0	46 6	50 0	13.35	13.85	105,002
Oct. 27	43 6	44 0½	50 0	48 0	46 6	50 0	13.85	14.35	110,769
Nov. 3	44 6	45 10	50 0	48 0	47 0	50 6	14.85	14.85	116,208
Nov. 10 ...	45 3	45 6	50 0	48 6	47 0	51 6	14.85	14.85	123,984
Nov. 17 ...	45 6	46 3	51 0	49 0	47 0	51 6	15.00	15.85	134,013
Nov. 24 ...	46 3	46 9	51 6	49 6	48 0	51 6	15.85	16.35	142,041
Dec. 1	47 9	48 6	51 0	50 0	49 6	53 0	15.85	16.85	148,741
Dec. 8	46 9	47 0	52 6	51 0	52 6	54 0	16.35	16.85	156,682
Dec. 15	47 3	47 9½	52 6	51 0	51 0	53 6	16.35	16.85	165,543
Dec. 22	48 0	49 1	52 6	51 0	51 0	53 6	16.35	16.85	175,565
Dec. 29	49 6	50 8	53 6	51 6	51 0	54 0	16.85	17.35	186,018
1905 Jan. 5	50 0	50 7½	53 6	53 0	52 6	54 0	16.85	17.85	195,550
Jan. 12	49 6	49 7½	54 0	53 0	52 6	55 0	16.85	17.35	206,670
Jan. 19	48 6	48 9	54 0	52 6	52 6	55 0	16.85	17.85	217,785
Jan. 20	48 0	48 2½	54 0	52 6	50 6	55 0	16.85	17.85	228,197
Feb. 2	47 6	47 9½	54 0	52 0	50 6	55 0	16.35	16.85	237,504
Feb. 9	47 9	47 4½	54 0	51 6	50 6	54 6	16.85	16.85	246,721
Feb. 16	47 3	48 0	54 0	51 6	50 6	54 6	16.35	16.85	255,617
Feb. 23 ...	47 3	48 2	54 0	51 6	49 0	54 6	16.85	16.60	266,128
Mar. 2	49 0	49 9	54 0	51 6	49 0	54 6	16.35	16.60	279,271
Mar. 9	49 3	50 2	54 0	52 0	50 6	54 6	16.35	16.60	291,221
Mar. 16 ...	48 9	49 6½	54 0	52 0	51 6	54 6	16.35	16.60	301,774
Mar. 23 ...	48 6	48 11½	53 6	52 0	51 6	54 6	16.55	16.85	316,612
Mar. 30 ...	48 6	49 11	53 6	52 0	51 6	55 0	16.55	16.85	335,442
April 6	48 6	49 0	53 6	52 0	51 6	55 6	16.55	16.85	340,420
April 13 ...	48 6	49 8½	53 6	51 6	51 6	55 6	16.55	16.85	351,206
April 20 ...	49 6	50 9½	53 6	51 6	50 6	55 6	16.35	16.85	363,000
April 27 ...	49 6	51 4	53 6	51 6	50 6	55 6	16.35	16.85	385,165
May 4 ...	50 6	53 9	53 6	51 6	50 6	55 6	16.35	16.60	404,500
May 11	50 6	54 8	53 6	51 6	50 6	55 6	16.35	16.60	430,560
May 18	50 0	55 0	53 6	51 0	50 6	55 8	16.10	16.50	458,304
May 25 ...	46 6	46 0	53 0	50 6	50 0	55 0	16.10	16.35	488,544
June 1	45 9	45 8½	53 0	50 6	50 0	54 9	16.10	16.35	496,800
June 8	45 6	45 6½	52 6	50 0	50 0	54 6	16.10	16.35	488,600
June 15 ...	45 6	45 7	52 6	50 0	50 0	54 6	16.10	16.35	489,363

Price



THE WAGES BOARDS OF VICTORIA.

“FOR the first time a determined effort has been made to cope with the ‘sweating’ evil in various manufacturing industries.”¹ These words indicate the scope and intention of the Act of 1896, which instituted the Wages Boards. “The principle of compulsory arbitration . . . was restored by the Act of 1903.”² These words indicate with equal precision the actual, though unavowed, scope and intention of an Act which nominally does little more than give a fresh lease of life to the system of 1896. There are few better illustrations of the unexpected results of legislation. An Act to cope with sweating has become an Act to enforce compulsory arbitration.

The Factories and Shops Law of Victoria is contained in the unrepealed sections of the following Acts :—

Factories and Shops Act, 1890, No. 1091; Factories and Shops Act, 1896, No. 1445; Factories and Shops Amendment Act, 1896, No. 1476; Factories and Shops Act, 1897, No. 1518; Factories and Shops Act, 1898, No. 1597; Factories and Shops Act, 1900, No. 1654; Factories and Shops Continuance Act, 1902, No. 1804; Factories and Shops Act, 1903, No. 1857.

The study of these Acts in their consecutive order, without reference to any other source of information, until the legislation, like a series of mediæval documents, has been made to tell its own tale by self-interpretation, is the best method of commencing the study of the Wages Boards. Of their political history, of the interminable wrangles in which they were discussed in Parliament, of the general elections and ministerial changes they have produced, even of the revolution in trade-union methods in which they originated, nothing will be said here. This paper is concerned with two questions only : (1) the

¹ *Report of Chief Inspector of Factories* for the year ending Dec. 31, 1896, p. 3 (quoted henceforth as “*Report for 1896*”).

² *Report . . . for 1903*, p. 3.

work of the six original Boards, and (2) the principal modifications of the original machinery.¹

The "determination" of the Bread Board came into effect on April 3rd, 1897. The minimum wage was fixed at 1s. per hour for journeymen and 5s. per week for apprentices and improvers. A revised determination in May, 1900, raised the pay of journeymen to 1s. 0½d. per hour, a change carried by the casting vote of the chairman, whereupon the five representatives of the employers resigned in a body. The average weekly wages of all males employed are given as follows in successive *Reports*:

	£	s.	d.		£	s.	d.
1896.....	1	12	5	1900.....	2	4	0
1897.....	1	17	8	1901.....	2	2	6 ^a
1898.....	2	0	6 ^a	1902.....	2	2	10
1899.....	2	1	10	1903.....	2	2	9

The Chief Inspector says, after two years' experience of the system, "With a full knowledge of the significance of the statement, I say I believe the system has been successful," and he adduces as a proof the fact that 714 employees in this trade have had their total annual earnings increased by no less a sum than £15,005 18s. by the operation of the Act.⁴ If this is indeed the case, an epoch-making discovery has been made. There is, however, little foundation for this optimism. This handsome total is obtained by the following formula: (average weekly wage, 1898, minus ditto, 1896) $\times 52 \times 714$. This assumes that the legal wage has been paid, that every employee worked all the year round, and that no deductions need be made for men thrown out of work because they could not earn the minimum wage.

The evidence that the determination was broken is complete. An inspector reports: "A baker told me he had worked fifty hours for 40s.,"⁵ for which the legal wage was £2 10s. 6d. "One Melbourne employer said that out of sixteen shops in a certain suburb he did not believe that there were three which paid the minimum rate; another, that not more than half the shops were paying the legal rate."⁶ Mr. Justice Backhouse "has no doubt there is evasion."⁷ This evasion took several

¹ For the constitution of the Boards and other details see the *ECONOMIC JOURNAL* for 1901, pp. 334-45.

In places outside determination, £1 10s. 11d.

² After the increase to adults and a graduated scale for apprentices had been adopted—a curious result.

⁴ *Report* for 1898, p. 5.

⁵ *Ibid.*, p. 7.

⁶ *Report of the Victorian Royal Commission on the Working of the Acts*, p. xlv. (quoted as "*V.R.C. Report*," the huge volume of evidence as "*V.R.C. Evidence*").

⁷ *Report*, p. 30. Mr. Justice Backhouse went as Royal Commissioner from New South Wales to report on the systems of wage-regulation in the other colonies of Australia and New Zealand.

forms—(1) Collusion: the men taking a lower wage than that which was entered in the employers' books for submission to the department. Many men "complaisantly sign any receipts put before them."¹ "The 'log' is broken, and the men lie about it."² (2) Excessive employment of apprentices and "improvers"—a very elastic term. (3) Bread-bakers were called upon to work as pastrycooks, for whom there was no Board, at very low wages, or even for nothing.³ The pastrycooks were, very naturally, indignant at this, and the successive *Reports* contain many evidences of their anger.

Witnesses before the Commission were full of excellent suggestions for making things worse: Government should pay all employees, and make the employers refund the money; employers should be compelled to make a sworn affidavit, in the presence of their workmen, as to the wages they paid; the price of bread should be fixed by authority.

The Department, in giving the figures as to increased wages quoted above, adds that it has been achieved without any apparent increased cost to the public. There were three hundred master-bakers in Melbourne, the only important place affected by the determination, of whom two hundred only employed on an average 1.5 men each. The remainder, then, shared between them a yearly loss of close on £9,000. The Department, even at the risk of going a little beyond its sphere, might have reported the concurrent change in the price of wheat per bushel: 1897, 5s. 3½d.; 1898, 4s. 1d.; 1899, 2s. 2d.; 1900, 2s. 5d.—a fall maintained as far as 1902, the latest figures available. Notwithstanding this fall, the steadiness of the price of bread was due, in the opinion of Mr. Justice Backhouse, to the numerous evasions of the Act.⁴ The public paid the additional wages, and the employers who evaded the Act reaped the whole benefit of the fall in wheat.

The clothing trade of Melbourne had gained an unenviable notoriety for sweating. The workers had failed to remedy matters by trade-union action, and as it is claimed for the Wages-Board system, both by the Department⁵ and by the Commission, that it has practically abolished sweating in the trade, the history of its operation is important. The Boards' first determination—a document of thirty-five closely printed foolscap pages—came into force in November, 1897. The minimum wage for adult

¹ *V.R.C. Report*, p. xlv.

² *Report for 1898*, p. 7.

³ *Ibid.*, p. 7; *Report for 1899*, p. 7.

⁴ *Report*, p. 30. Cp. *V.R.C. Evidence*, 11346.

⁵ *Report for 1899*, p. 7.

males was fixed at 7s. 6d. per day of eight hours, for females at 3s. 4d.; a scale was fixed for apprentices and improvers, and their numbers strictly limited; and a piece-work log was drawn up for outworkers. The average wage of 2,601 women in 1896 was 15s. 5d.; of 3,940 in 1899, 18s. 6d. So far from prices to the public having been raised, dungaree trousers are now obtained by wholesale houses at 7s. 6d. a dozen, instead of 12s. to 13s. before the determination came into force. As we are specially warned that the clothiers are business men and not philanthropists, the results of the determination are worth close attention.

The first point to be observed is that under the determination the piece-rate for out-workers was, on an average, 25 per cent. higher than the time-rate for in-workers. The natural results followed; out-work practically ceased. Silent where information is most wanted, if a complete view of the system is to be obtained, the reports tell us little about the displaced out-workers. "Gone inside or into other trades."¹ Out of sixty out-workers traced, only twenty-eight are still in their trades.² "Many slow or inferior workers have lost employment."³ Some who did get a little out-work found their last state worse than their first,⁴ having to pay the penalty of being conspirators against the law. The determination prevented the sweating of out-workers by the simple process of preventing there being any out-workers to sweat. A squadron of Cossacks would have done this quite as efficiently and perhaps as humanely.

Not less unjustifiable is the assumption that the determination directly increased wages. By its limitation of the number of apprentices and improvers, the determination soon produced a scarcity of labour of which the employers complained bitterly. "One employer told me," says an inspector, "that the first business of the day is to see if all employees are in their places. If any are missing, it invariably transpires that some other employer has offered them an increased rate for their services."⁵ The determination made workers scarce, and therefore wages rose.

Inside the factories, sweating changed its form, not its nature. A task-system was introduced, along with further machinery and a "sectional system" of making garments. "The continual cry was, 'You are not making your money up!'" . . . "Em-

¹ Report for 1898, p. 11.

² Report for 1899, p. 1b; but amongst the 32 "no case of absolute hardship" was found.

³ Report of Mr. Justice Backhouse, p. 82.

⁴ Reports for 1897, p. 8; for 1898, p. 21.

⁵ Report for 1899, p. 8.

employers wanted 60s. worth of work for 45s. worth of wages." ¹ "One employer frankly admitted that more work was now exacted from factory hands in the trade than in the past." ² Under the task-system a boy, whose opinion of the Act would be worth having, got 12s. 6d. a week for work worth 10s. a day. ³ Miss "B." told the Commission that while it was true that wages had risen to 20s. a week, they had to do 25s. to 30s. worth of work, and she demanded an Act to stop this. ⁴ To increase work more than you increase wages, is not to stop sweating in any rational sense of the word. To such an extent, therefore, we must qualify the success of the system in the one trade in which its success is professedly most complete.

The interesting history of the Furniture Board shows how seven hundred Chinese workers absolutely and with complete success defied the Act and the Department. A few months ago the suggestion was made that the Government should buy them out, and so end the hopeless struggle. Even the famous dictum about "the Heathen Chinee" hardly prepares us for the fact that a large body of them "struck" because their wages had been increased by a wages board. Report after report is full of despairing language. To cope with them it was decided that one Chinese should constitute a factory, overlooking the obvious consequence that this one man became an employer, and could pay himself what wages he liked. Thus "the solitary Chinese worker is the despair of the factory inspectors," say the Commissioners, who became impassioned *prosateurs* ⁵ as they describe this fearful pest who desires to get his own living in his own way. The problem can only be solved by dividing the interests of masters and men ⁶—an aim of legislative action somewhat difficult to justify by abstract reasoning.

The reports show a considerable increase in the average weekly wages of white men in the trade, but this was not due wholly to the determination. Indeed, one distinct rise, from 8s. a day (as fixed by the determination) to 9s. a day, was the result of a strike. Of this the masters justly complained, as they had entered into long contracts based on the determination rate. ⁷ In 1896 the average weekly wage was £1 9s. 1d. In 1901, when the average wages of journeymen reached their maximum, £2 10s. 7d., Mr. Hall reports: "This trade has been very busy throughout

¹ *V.R.C. Report*, p. xl.

² *V.R.C. Evidence*, 14402.

³ *V.R.C. Report*, p. li.

⁴ *Ibid.*, p. 14.

No. 59.—VOL. XV

⁵ *Ibid.*, p. xxxix.

⁶ *Ibid.*, 14016.

⁷ *Report for 1899*, p. 14.

the year, and I have been informed by more than one manufacturer that they have found a difficulty in obtaining a sufficient supply of labour." As the determination gave journeymen 48s., exclusive of overtime, which is paid at a higher rate, it seems plain that the legal minimum wage tends to become the average wage, even when economic forces are in favour of the men. Next year there was a very slack time in the trade, and the employers complained that in the better-class work, all they could do against Chinese competition, they lost profits by having to pay inferior workers the same wage as better men.¹ Next year, owing to inter-State free trade, there was a great demand for this better-class furniture, skilled white hands were scarce, and the determination was "faithfully observed in the European factories";² yet the average wage of journeymen still clung close to the determination rate, being 50s. 10d. The furniture trade shows that the system is powerless in the face of collusion between masters and men; and that this is as true of white men as of yellow men, is shown by the history of another board.

"Protection run mad"³ had created sweating in the Melbourne boot-trade by inducing internecine competition for a protected market in a colony where, after what M. Métin quaintly calls "le krack-financier" of 1892, labour was superabundant. The Boot Board failed to agree on a chairman, and the Governor appointed Mr. John Keogh, a police magistrate, who, as he himself says, had given the matter little thought, but tried to do his best. His "best" was distinctly Gilbertian, and consisted of the familiar operation known as "splitting the difference." The men's representatives demanded 60s. a week; the masters' representatives offered 30s. Mr. Keogh fixed upon 45s.⁴ The manufacturers protested against the determination rate, and the minister sent it back to the board, which, again by the casting vote of the chairman, reduced it to 36s. They did not alter the piece-work log, which was therefore too high by comparison. Subsequently the rate was raised to 42s., and then to 45s. Concurrently, however, forty-seven factories had been closed, owing to the determination,⁵ and inter-state free trade had caused an unprecedented demand for Victorian boots.⁶

The first result of the determination was the dismissal of

¹ *Report for 1902*, p. 22.

² *Report for 1903*, p. 18.

³ *V.R.C. Evidence*, 7034; and *Report*, p. xxxvi.

⁴ "I split the difference and make it £2 5s." *V.R.C. Evidence*, 7061. Another chairman, 7168, let his board wrangle it out. "One comes down, another goes up, until they were within four or five shillings of each other—then it was carried by my vote."

⁵ *V.R.C. Report*, p. xxxvi.

⁶ *Ibid.*, p. xxxvii.

many old and slow hands who could not earn the minimum wage. In January, 1898, the Bootmakers' Union opened an unemployed register, and 224 men registered the first day.¹ A mass meeting of boot operatives resolved "that this meeting deprecates the fact that old and slow men are being discharged."² These figures were given in evidence: adult males in boot trade: 1897, 2,524; 1898, 2,189; 1899, 2,050; 1900, 2,175.³ At first each manufacturer discharged as many inferior men as possible, hoping to replace them by better men; and to some extent they engaged each other's discharged hands; but the Commissioners agree that this class of men has been injured, while all the authorities consulted admit that the Act is evaded. "The saddest feature is," says the chief inspector, "the men are not true to themselves." . . . "An old man said, 'Mr. Ord, I'll sign anything you like,' when asked to make a statutory declaration about his wages."⁴ "Two sets of books are kept, one for the benefit of the inspector, which the employee signs, and in which the entries are false, the other for the information of master and men only."⁵

The employers recouped themselves for the addition to their wages-bill by introducing new machinery. "There seems to be no end to the number and variety of machines introduced into this trade to displace manual labour."⁶ The inevitable task-system was introduced. "An unfair task-system," says the chief inspector, "is ruining the determination."⁷ The swiftest men are got to set the pace, and discharge awaits those who lag too far behind. To the good must be set the increased wages of the workers; the general average wage in 1896 and successive years is given as £1 3s. 2d., £1 3s. 3d., £1 7s. 7d., £1 7s. 10d., £1 7s. 11d., £1 8s. 5d., £1 8s. 3d. The average wage of adult males has hovered between 44s. and 47s. In the old days, says a witness, wages in this trade averaged 50s., and often reached 80s.⁸ The inevitable friction has, however, now disappeared, and "it is seldom that one hears anything but praise of the system from either side affected."⁹

The Shirtmakers' Board, appointed in February, 1897, was nearly a year (January, 1898) in making its determination. It fixed wages at 4d. an hour for a 48-hour week. Its piece-rates ranged from 4d. to 5d. an hour, estimated at the pace of an average worker, and, as out-workers had to "find" certain

¹ *V.R.C. Evidence*, 6750.

² *V.R.C. Evidence*, 6750.

³ Mr. Justice Backhouse, *Report*, p. 31.

⁴ *Report* for 1898, p. 14.

⁵ *Report* for 1903, p. 11.

⁶ *Melbourne Age*, 7 Jan., 1898.

⁷ *Report* for 1898, pp. 13 and 15.

⁸ *Report* for 1901, p. 5.

⁹ *V.R.C. Evidence*, 7034.

things, the rates agreed. There was, therefore, no trouble with out-workers, and none with old and slow workers. The reports mention no troubles in enforcing the determination, and give the following as the average wages of females in the trade :—

	s.	d.		s.	d.
1896.....	14	5	1900.,	14	8
1897.....	14	7	1901.....	14	8
1898.....	15	3	1902.,	14	4
1899.....	15	4	1903.....	14	10

The increase shown is therefore very trifling, but a little better appearance is given by the figures for adult women :—

	Time-workers.			Piece-workers.		
	s.	d.		s.	d.	
1898.....	119	at 19	0	420	at 15	11
1899.....	161	„ 18	8	475	„ 16	8
1900.....	103	„ 20	0	461	„ 15	11
1901.....	134	„ 20	8	455	„ 15	8

The difference is due to the best-paid work being done inside the factories, and probably under a task-system.¹

The last of the original boards was the Underclothing Board. All the representatives of the employers and one for the out-workers had to be appointed by the Governor. There were continual dissensions, public meetings, newspaper controversies, but no determination, so that “no good results are now anticipated from its appointment.”² The Board resigned in May, 1898; a new one was appointed in August, but did not gazette its determination till the following June. It fixed wages at 4*d.* an hour, allowed employers to fix their own piece-rates with this figure as a basis, and allowed two apprentices to every adult. The wages were fair from an employer's point of view, and the proportion of apprentices a particularly generous one, and there was no difficulty in enforcing the determination, especially as “scarcity of labour is still the cry in the underclothing trade.”³ Mr. Justice Backhouse says: “I was informed that the determination had made very little difference in the trade.”⁴ Average wages are given as 11*s.* 3*d.* in 1899, and 12*s.* 7*d.* in 1901, a figure at which they remain.⁵

Though the number of boards was largely increased under the Act of 1900, and for purposes of mere criticism some of the

¹ *Report for 1901*, p. 22.

² *Report for 1898*, p. 10.

³ *Report for 1901*, p. 23.

⁴ *Report*, p. 83.

⁵ *Report for 1902*, p. 30. “The prices paid are just as low as they can legally be, and not a penny is allowed above that which the law demands.”

choicest material is provided by the new creations, enough has been said to indicate that the question of their efficacy is an open one. Collusion is admitted, and there is no certainty as to its extent. Old and slow workers suffered; out-workers and workers in allied trades, to an unknown extent, lost their employment. The adoption in all regulated industries of a task-system has made the increase of wages nominal rather than real. The wages have been earned in the usual way—by the sweat of the brow—not extorted from the employers merely by the operation of a legal device. Such success as the system obtained was due to causes outside itself. It operated on trades in which some improvement was demanded by public opinion, and it was administered by a department which was intent on making this improvement. No one can study the official publications on which I have relied without wishing to be allowed an opportunity of bearing testimony to the sympathy and administrative ability of the chief inspector, Mr. Harrison Ord.

For the wages-board machinery itself, considered as a means to an end, no apology worth considering can be made. Mr. Murray, who, as Minister of Labour, was proposing the Continuation Act within a few weeks of making the statement, said: "While the Factories Act is inherently good, the administration of it is infernally bad. . . The Wages Boards have done more to wreck factory legislation . . . than anything in the Act itself."¹ Their constitution accounts for this. Equal numbers of bitter antagonists, presided over by a chairman ignorant of the trade to be regulated, were bound to wrangle, and as they were paid for each day's wrangling, there was nothing to moderate their zeal. There was no taking and sifting of evidence, no attempt to secure a just and reasoned-out verdict, no compulsion even that a verdict should be given. Similar trades, especially those in which women were employed, received determinations which differed widely; in the clothing trade the minimum wage was fixed at 20s. a week, in the underclothing and shirtmaking trades at 16s., while the proportion of apprentices allowed differed even more. The extension of the system to many other trades is evidence of the power of the Labour Party, not of the wisdom and social usefulness of the system itself, which, by rapid and radical alterations, has been almost re-created.

When the changes began in 1900, there were 5,209 males and 7,131 females employed in the six trades working under determinations.

¹ *Victorian Hansard*, Vol. 100, p. 106.

We have now to consider the successive modifications of the 1896 machinery, and the recommendations of the Commission of Inquiry.

The sole purpose of the short Act, No. 1445, was to allow the Governor in Council to appoint the furniture board, which, if elected, would have been dominated by the Chinese. This was, however, useless, as we have seen. The heathen Chinee is peculiar, and has been peculiarly effective in resisting this legislation. The Act of 1897, No. 1518, gave the Governor in Council power to suspend the operation of any determination, whereupon the board must "forthwith hear, receive, and examine evidence as to such determination," but if the Board declines to amend its determination it is to be gazetted. A new section permits plural voting for employers; an employer may now have as many as four votes, according to the size of his factory.

A step of much greater importance was taken in 1900. The *raison d'être* of the Act of 1896 had been the existence of sweating in the trades legislated for. The boards had considerably magnified their office, and had regulated the trades down to the minutest particulars. It was to be expected that the Labour Party, the dominant force in Victorian politics, would seek to extend the scope of the system. Hence the incongruity of a measure which appoints a commission to examine the working of the system, while at the same time it enacts that any process, trade, or industry usually or frequently carried on in a factory or workroom, may have a board, provided either house passes a resolution that it is expedient to have such a board. More than thirty were soon appointed, all, with one exception, by the vote of the Lower House. Other important changes were: (1) The power given to the Chief Inspector to issue permits to old and infirm workers to receive less than the minimum wage. (2) The determination was to remain in force until altered by the board, a section called for by the strike of the furniture makers for an advance on the determination rates. (3) The piece-work difficulty is solved by allowing the employers to fix it themselves, on condition that it is based on the earnings of an average worker. (4) Collusion is struck at by allowing a worker who has received less than the minimum wage, even by his own consent, to recover the balance in any court of competent jurisdiction.

*In June, 1902, there was a change of government, Mr. Irvine succeeding Sir A. J. Peacock as Premier. Thirty-one new Boards had been created, all, with one exception, by vote of the Lower House; and as the time of the expiration of the legisla-

tion drew near, the new government, though opposed to the legislation, wisely determined to bring in a "Continuation Bill," containing a single clause adding six months' life to the Acts, pending the Report of the Commission, which had examined hundreds of witnesses in Victoria, New South Wales, Queensland, New Zealand, and Tasmania. Sir A. J. Peacock naturally taunted the new Labour Minister, Mr. Murray, on his change of front, quoting against him his telling indictment of the Wages Boards, previously referred to, of so recent date as June 3rd. The minister replied that the Government was not pledging itself to the principle of the Wages Board. The debates are wearisome to a degree. Resolutions are valiantly carried and then rescinded, and so on. Ultimately, a dissolution of Parliament occurred with the Bill unpassed, and for three months, September 10th to December 5th, there was no factory law in Victoria, except the unrepealed and innocuous sections of the 1890 Act. The general elections gave a majority to Mr. Irvine, whose Government passed the Continuation Bill, which comes next on our list., viz., *Factories and Shops Continuation Act*, 1902.

The *status quo* of September 9th is re-established (with some exceptions to be named), but no punishment for contravention in the interval is to be inflicted. The Carriage Boards are not to be revived, and their determinations are to lapse. The Fellmongers' Board and the Tanners' Board are dismissed, and their determinations lapsed, which is not surprising, as the records of their working show; but the Governor in Council may appoint new Boards if he think fit. The determination of the Tin-smiths' Board is not to apply to persons making receptacles for jam, fruit, or any other food for human consumption—a section added on the petition of the workers concerned. In future no determination of any Board is to apply to any shire, or part of a shire. The term of office of members of Boards is extended to three years.

The power of the chairman to give a casting vote was taken away from him, and all future determinations were made subject to the provision that at least two employers and two employees must have voted for them. No new Boards were to be appointed. Bad draftsmanship prevented any alteration of determinations made previous to July 16th, 1902, because while § 3 says "hereinafter," there is no hereinafter. The Acts were to remain in force till October, 1903.

The *Report* of the Royal Commission was made on February

19th, 1903. Its recommendations were simple and striking. It proposed a clean sweep of the existing system—the very best evidence as to its irritating and inadequate character. It proposed the adoption of a new system, modelled on that originated in New Zealand by Mr. Reeves, and imitated by Mr. Wise in New South Wales. The colony was to be divided into six districts, each with a Court of Conciliation composed of two representatives of each side, elected by delegates, elected by “industrial unions” of the kind familiar in the above colonies, and a chairman who must be a police magistrate, nominated by the Chief Justice of the Supreme Court of the State. These Courts were to have jurisdiction over all industrial disputes. From them an appeal lay to a Court of Arbitration, consisting of two members to be appointed by the Governor in Council, one from persons chosen by electors representing employers, the other from persons chosen by electors representing employees’ unions. The President was to be a Judge of the Supreme Court, appointed by the Governor in Council. Penalties against strikes and lock-outs, after reference, and for infringements of awards, were provided.

The Act of 1903 did not embody many of these sweeping recommendations. The Board system was left intact, but members of the Boards may now be nominated by the Minister for Labour, and no new ones are to be set up except by the vote of both Houses of Parliament. The slow worker may henceforth obtain a permit to work for less than the determination rate. The decision of the majority is once more to be decisive, and the chairman may require any evidence, including that of a member of the Board, to be given on oath. More important still, a general rule is laid down as to future determination rates: they are not to exceed the average rate paid by reputable employers to employees of average capacity, except by a decision of the Court of Appeal on a reference by the Minister. The Court of Appeal is a Judge of the Supreme Court appointed by the Governor in Council.¹

While offering some criticisms of particular parts of the results achieved by the system, I am far from wishing to suggest that there are materials at hand on which a decided opinion may be based. The one general truth that emerges is that state interference with wage-contracts has a dangerous tendency to grow by what it feeds on. Legislation originally intended to cope with sweating, has grown into a complicated system capable of con-

¹ The first appeal came before it in September, 1904.

trolling all industrial activities. There is only slight evidence, where complete evidence is wanted, as to the effect on retail prices. The newspapers recently contained a fragment of evidence before a new Commission in Melbourne to the effect that the system was only possible because of the heavy tariff. Employers, bitterly hostile at first, are less strenuous now that they see that the awards have this advantage for them—that they stereotype wage conditions for some years ahead. The example of the Australian Labour Party in obtaining legislation of this type is being considered at home as possibly worthy of imitation. The conditions, however, are widely different. The regulated industries of Victoria are of the slenderest proportions. They are protected from extra-colonial competition by a stringent tariff, and from colonial competition by similar regulative machinery in the other colonies. Less than 40,000 employees out of a factory population of 57,567 work under the Board system, and any moderate increase of wages can be compensated for, on the employers' side, by internal economies, or passed on to a helpless public.

GEORGE W. GOUGH

THE PRESENT POSITION OF THE LAND TAX

THE history of the Land Tax falls naturally into two parts, the period before and that subsequent to Pitt's Land Tax Act of 1798. The most interesting features of the earlier period were (1) the inclusion of personal property as a subject of charge, and (2) the fixing of the amount to be raised by determining the sum to be contributed by each parish or place. Under the Act W. and M. c. 4 (1) tax was levied on real property at 4s. in the £ on the rack rent, on offices (except naval and military), and on personal property (except farm stock and household goods) at 24s. per £100 capital value. The valuation made under that Act produced a sum of £1,922,712. So far as personal property is concerned, the history of the tax bears out the economic objection to this kind of impost that it lends itself easily to evasion, and that the revenue from such a source must be subject to a steady decrease. Although the Act of William and Mary made personal property the main object of the tax, and looked only to land to supply the residue of the sum required, yet during the next few years the produce of the tax steadily dwindled, owing to the fact that personal property gradually fell out of assessment as the result of false returns and indifferent administration. So considerable was the loss of revenue from this cause that in 1697 the method of charging by a rate in the pound was dropped, and Parliament fixed the amount which each parish should raise. Even that measure was insufficient to cure the radical defect in the tax, and the evil grew to such an extent that the yield from personal property, which formed the main provision of the Act of 1693, fell by 1798 to £130,000, and by 1832 to £5,214. The land tax, so far as personal property was concerned, was abolished in 1833, it being found practically impossible to keep such property in assessment. The experience of the English tax is repeated wherever a tax on movable property has been attempted. Dealing with the tax in the United States, Professor Bastable remarks that although

an elaborate series of questions is addressed to each individual, "still the universal experience is that the greater part of personal property is not returned. . . . The defects of the American property tax are, it would appear, beyond remedy, and therefore it may be anticipated that it will in the future be transformed into a land tax and perhaps finally into an income tax." This remark derives singular interest from the history of the English tax on personal property.

The system of quotas was introduced in 1697. It was an attempt to counteract the inherent defects of a personal property tax, and was adopted as the only means of maintaining the yield of the tax in face of the persistent tendency of personal property to slip out of assessment. Its effect was a very unequal distribution of the tax. Parliament determined the total amount to be raised each year; and the proportion of this amount to be provided by each parish or place was fixed according to the relative valuation of each parish as assessed under the Act of 1693. The inequalities of that first valuation (themselves very considerable) were greatly magnified as time went on. Some parts of the country increased in wealth while others fell away. Yet such parishes continued to pay the same proportion of the total tax as in 1693. It is obvious that this system of quotas could only be tolerable where revaluation was made at short intervals; and this fact was repeatedly urged by public men prior to 1798, but without effect. The inequality of the burden proceeded to so ludicrous a length that, prior to the Finance Act of 1896, the pound rates varied from about one-fifteenth of a penny to 4s. in the £ in different parts of the country. The method of taxation by quotas or apportionment is long discredited; but it still survives in the English Land Tax, and the history of that tax furnishes ample testimony of the defects of that system.

The Land Tax Act of 1798 (38 Geo. III., c. 5) proceeded on similar lines to previous enactments. But the later Act of that year (38 Geo. III., c. 60) effected a remarkable change in the position of the tax. Until 1798 the tax was an annual one, and required an annual vote. It was accordingly capable of modification in amount and method year by year. The Act last mentioned, however, made the charge permanent so far as it related to real property, fixing the quotas of each parish or place in perpetuity. Having thus turned the tax into a rent-charge, having by a stroke of the pen appropriated to the State a considerable proportion of the rents

of real estate, Pitt proceeded to resell such proportion to the original owners by allowing them to redeem the tax on payment of a certain capital sum. The cause of this revolutionary measure is to be found in the financial difficulties of the time, and need not detain us here. The principle which it established was, however, of far-reaching importance. The conversion of the annual tax into a permanent rent-charge was, in fact, an instance of land nationalisation by "confiscation" on a very considerable scale. The capital value of the rent-charge thus appropriated by the State amounted to about £70,000,000. A similar operation now on the same relative scale would yield to the State a capital sum of about £1,000,000,000, drawn solely from real property. Nowhere in history can we find a more emphatic assertion of the principle that the landowners of this country have no *absolute* property in the land they "own," but hold it merely on trust for the State, a trust which the State is able to resume at its pleasure. A tax which lays down such a principle as this is certainly deserving of close attention.

The provisions for redemption introduced for the purpose of raising money vitally affected the position and character of the tax. The valuable elasticity the tax might otherwise have possessed was completely destroyed. If Pitt had only made permanent the pound rate instead of the quota! It would have destroyed his redemption proposals, although even then the tax might have been redeemed on liberal terms for a fixed number of years, but what a golden shower would now be falling year by year into the national exchequer! The yield of the tax was, unfortunately, petrified for all time, and the country lost the opportunity of participating in the growing value of the property on which the tax was originally charged. The extent of this loss may be appreciated from the fact that, whereas the gross yield of the tax was fixed at under £2,000,000 (the maximum rate being 4s. in the £), the present annual value of the real property in the country amounts to about £250,000,000, needing to produce the above gross yield a rate of 2d. in the £. Pitt's redemption proposals were so far successful in their immediate purpose that in 1798 and 1799 about £10,000,000 was raised in this way, no less than £435,888 of the gross quota, £1,905,077, being extinguished. The amount of the annual redemption quickly dropped, and it is now approximately £2,000 a year. From 1798 to 1904 the total redemption amounted to £934,523, leaving the present net quota at £970,554.

From 1798 till 1896 the scheme of the tax remained unaltered. In the latter year, however, some attempt was made to redress the enormous inequality to which the system of fixed quotas had given rise, and it was provided that the rate should in no case exceed 1s. in the £ on the annual value of the properties charged. The excess of the quota in any parish above the yield of 1s. in the £ has since been written off yearly. In the year 1903-4 the concession affected 3,193 parishes, and the sum written off reached £87,950. Economically it is difficult to defend the step by which the State voluntarily surrendered a portion of its interest in these properties. Where such property had changed hands subsequently to 1798 allowance for the perpetual land tax must have been made in the purchase price, and the subsequent remission of part of the tax constituted an appreciable gift to the new owners. From the nature of the property affected such instances were probably rare. In any case the economic lapse may be considered as sufficiently excused owing to the unequal burden of the tax; and the measure also indicated a desire on the part of the Government to restrict the operation of the tax, and perhaps pointed to its ultimate extinction.

In the same year, 1896 (59-60 Vic. c. 28) it was also provided that where the rate was under 1d. in the £ such rate should be increased to 1d., and the excess so collected applied to the earlier redemption of the quota in those parishes. In 1903-4 688 parishes were affected, and in all those the tax will probably be extinguished at an early date.

In 1898 (61-2 Vic. c. 10) a still more singular change took place. The Land Tax, which since 1798 has been strictly a rent-charge, and has entered accordingly into all contracts of sale, was treated as an annual tax subject to exemption or abatement in the same way as the Income Tax itself. Owners with incomes not exceeding £160 (and so exempt from income tax) were exempted from land tax also; while those whose incomes did not exceed £400 (and who were, therefore, entitled to an abatement of £160 for income tax purposes) were charged only half the land tax. Here, again, the measure was indefensible, having regard to the real nature of the tax, and the reason for the step must be sought outside the field of economics. The effect of these remissions amounted in 1903-4 to £143,545.

The position of the tax on March 25th, 1904, is shown by the Commissioners of Inland Revenue as follows :—

The aggregate of the unredeemed quotas on March 25th, 1904, in England, Wales and Scotland (the tax does not extend to Ireland)				970,554
Amount of land tax collectible for broken periods in cases where redemptions were effected during the year 1903-4				1,187
				<hr/> £971,741
Deduct amounts remitted in 1903-4 :—				£
Remission of tax above 1s. in £				87,951
Ditto (exemptions)				115,400
Ditto (abatements)				28,145
Amount written off as charged on Government property				1,550
				<hr/> 233,046
Amount collectible for year 1903-4				<hr/> £738,695
Original number of parishes with separate quotas in 1798 in England and Wales				16,104
Quotas extinguished since 1798				786
Number of parishes at present charged with separate quotas in England and Wales				15,318
Average amount collectible per parish				<hr/> £46

The actual cost of collection cannot be exactly ascertained from any figures appearing in the annual statistical returns, but, allowing a reasonable proportion of the general expenses of the Inland Revenue Department, and taking into account the surplus land tax rewarded to the assessors under 53-4 Vic. c. 21, it may be safely assumed that the total cost of raising the revenue referred to does not fall short of £100,000.

The above brief statement of the present position of the tax makes no reference to sundry minor features (such as the redemption of the tax without exoneration), which merely add further complications to an already confused system.

The main features of the tax to-day are : a small and steadily diminishing yield ; a relatively heavy cost of collection, which will not diminish in the same ratio as the produce of the tax ; a great inequality in the rate, at present ranging from 1d. to 1s. in the £ ; its numerous complications resulting from remissions, &c. ; its complete want of elasticity ; the obstacle it offers to any comprehensive treatment of the question of land taxation ; and, finally, its permanent nature. The last-mentioned fact is, under

the circumstances, the most objectionable of all; and there will probably be no two opinions as to the desirability of removing such an anomalous and incongruous system from the statute-book. It seems impossible that the impost should be allowed to drift on through the ages, dragging its heavy load of objections, and yielding an ever smaller return, till at some distant time it dies through the sheer impossibility of preserving the records of the year 1798. Sooner or later a term must be fixed to its life. Whatever may be the process of extinction, whether by merely terminating it after a fixed number of years, or by repealing it forthwith, or by some course of compulsory redemption, numerous objections are certain to present themselves. It will be for the Government of the time to choose the least of these evils. The essentials of any method that may be adopted are at least (1) that the tax should be extinguished within a relatively short period; (2) that it should involve as little loss and disturbance to the revenue as possible; (3) that its concessions to land tax payers should not be so great as to create feeling among those who have already redeemed the tax; (4) that it should not impose too heavy a burden upon the payer of the tax during the period of extinction.

The following method of extinction would probably accord with these essentials as closely as any: (1) the tax to be fixed at its present figure without new assessments or revaluation; (2) a triple assessment (*i.e.*, three times the tax at present charged), to be made for each of the next ten years (or less if the quota is extinguished at an earlier date); (3) at the end of ten years the tax to cease. The effect of this proposal may be shown approximately as follows:—

Amount collectible for 1905-6	...	...	...	...	£	735,000
						<hr/>
The triple assessment to be paid yearly	...	...	...	...		2,205,000
Of this triple assessment one-third to be treated as revenue	...	...	...	...		735,000
						<hr/>
And two-thirds as a sinking fund for redemption	...	...	...	...		1,470,000
At the end of ten years the sinking fund, with interest at three per cent., will amount to about	...	...	...	...		17,000,000
						<hr/>
This sum, if used to extinguish $2\frac{1}{2}$ per cent. stock at an average price of (say) 92, will reduce interest on debt by	...	...	...	...		462,000
Add cost of collection, about	...	...	...	...		100,000
						<hr/>
						£562,000

To this some addition should be made on account of the transfer of the labours of the present staff to more productive sources of revenue, and the total					£
saving might be put at	...	...	...	...	600,000
As against the present yield of	...	...	...	...	735,000
The total annual loss would, therefore, not exceed ...					£135,000

And this sum is subject to considerable discount owing to the fact that the percentage of the cost of collection is likely steadily to increase.

As regards the amount of the loss, it may be pointed out that the remissions of 1896 and 1898 involved a diminution in revenue of about £220,000; so that relatively to the advantage gained the above method of extinction would be inexpensive. In the second place the advantage to the redemptioner would be considerable. He would pay twenty years' purchase, spread over ten instalments, a great gain compared with the present limit of thirty years' purchase for redemption. Thirdly, the burden on the redemptioner would not be excessive. The average rate of the tax at present is about 4*d.* in the £. The average of the triple assessment would be about 1*s.* The maximum would reach 3*s.* (or 1*s.* 6*d.* if the taxpayer's income did not exceed £400). The adoption of the proposal would at once stop the present process of redemption, and would forthwith release part, at least, of the land tax officials for other work. Moreover, the Exchequer would continue to receive its present income from the tax for the next ten years, together with the saving on the debt cancelled each year; while at the end of the ten years the loss of revenue from the final extinction of the tax would be almost balanced by the saving effected. Finally, the proposal would involve no principle not already adopted either in the Act of 1896 or in that of 1898.

A. HOOK

REVIEWS

Principles and Methods of Industrial Peace. By A. C. PIGOU.
(London : Macmillan and Co. Crown 8vo. Pp. xx--240.
1905.)

Industrial Conciliation and Arbitration. By DOUGLAS KNOOP.
With an Introduction by Professor SYDNEY J. CHAPMAN.
(London : P. S. King and Co. Crown 8vo. Pp. xxiv—241.
1905.)

THE publication, almost simultancously, of these two books is a significant testimony to the prominence given, both in academic and in business circles, to the subject of which they treat. As Professor Chapman hints in his suggestive Preface to the former of the two, it is hardly possible to overrate the gain accruing from effective methods of conciliation and arbitration to the smooth uninterrupted conduct of industrial enterprise ; and a study like *Economics*, which cannot avoid contact with the prevailing interests of business life ; if it would discharge with satisfaction such useful office as may justify its continuance, is exerting a wholesome influence upon its more industrious and accomplished students, like the authors of the two books now before us, when it encourages their alert informed attention to the pressing problems of the day.

The books afford also, as we venture to think, gratifying and convincing proof of the progress made, both in the actual working of the different methods which have in recent years been tried and have won approval, especially in this country, for the adjustment and prevention of industrial disputes, and in the fuller knowledge gained, and more accurate appreciation formed, of their possibilities and limitations. These volumes, therefore, differ greatly from those which were prepared and published twenty years or more ago. The industrial world, at any rate of England, has happily moved onward and not backward in the interval. With

the clearer and more precise recognition, begot by wider experiment and closer study, of distinctions previously confounded, a new, more comprehensive, and exact conception of aims and conditions has been accompanied by several more or less considerable improvements of detail which have appreciably diminished the probability of irritating, disappointing failure. Theorising may not unjustly be declared to have borne its due share in this development, by addressing itself to the useful, if humble, mission of orderly analysis of the intertwined effects of tangled causes. Mr. Pigou, indeed, in the second part of his essay, ventures daringly outside this province; and yet we hold that even here the more valuable, if less ambitious, portion of his work is found in the critical examination of detailed arrangements actually employed in practice. It is curious, and perhaps significant, that on many, if not most, of the special points considered, experience seems as a matter of acknowledged fact to have conducted to particular conclusions identical with those which, if we do not misunderstand him, Mr. Pigou contends would be reached by theoretical reasoning. This is the case, we believe, with various modifications subsequently introduced into the earlier provisions of some sliding scales, and widely recognised, such, for example, as the establishment of differences between the movements of wages at the lower or higher range of prices and those at intervening points, or the stipulation found in most instances, whether earlier or later, and obviously dictated by necessity, that some interval of time should pass between the occurrence of the fluctuations in the prices and the corresponding changes in the wages.

In their inception these two books resemble one another. Both were originally prepared as academic exercises by students competing for university prizes, which they succeeded in obtaining. Mr. Knoop, we learn from his own Preface, was, in the first instance, led to direct his remarkable aptitude for exact and diligent research to the area which he has explored with such exhaustive pains by becoming a candidate for the Shuttleworth Scholarship at Manchester. We can conceive of few subjects to which a student of Economics in such a centre of business could devote his attention with greater hope of results of practical utility than to the comparative study of the detailed working of the various experiments made in increasing abundance in recent years in the systematic adjustment and prevention of industrial disputes. Mr. Knoop's essay is a compendium of valuable and convenient information on this important topic. Mr. Pigou similarly tells us in his Preface that he used the "preliminary

results" of the work presented in this volume in an "essay which obtained the Adam Smith Prize at Cambridge in 1903." The present reviewer may, perhaps, without impertinence, congratulate Mr. Pigou and economists generally upon the rich fulfilment, both in this book and in other writings of a more controversial and possibly more fugitive character, of the exceptional promise revealed in another earlier academic exercise which he had the privilege to examine. For Mr. Pigou then displayed an extraordinary capacity for grasping firmly the fine threads of complicated argument. Of the possession in full measure of this rare quality no careful reader of his present book can entertain a doubt.

The mathematical appendices, indeed, which follow the main portion of the text may, we suspect, prove "caviare" to the "vulgar" arbitrator, who prepares himself perforce for his responsible duties by long training in that "experience and knowledge of men," with which, Mr. Pigou frankly allows, an "academic student" like himself "can scarcely be equipped." But they are none the less characteristic products of the older University to which he belongs, and of the serene surroundings which shield it from the bustling turmoil of business life. Nor are they contrary to the spirit of those more recent developments of economic theory of a mathematical type, with the brilliant conclusions of which the Cambridge teacher, of whom Mr. Pigou, like many others, is proud to confess himself a pupil, has earned the gratitude of all economists of his generation by making them familiar. Mr. Pigou's reasoning may be described as modelled on the pattern set by Professor Marshall, and he makes frequent use of the technical terminology employed by that economist. We must confess that we do not feel sure that the ordinary reader, unversed in economic writing, to whom, we gather from the Preface, the book itself, though not its mathematical appendices, is expected to appeal, would not have welcomed an explanation of some of the terms introduced (such, for instance, as "long-period competitive" results) which he is assumed to understand. We acknowledge also at the outset that our own unfortunate ignorance of mathematics precludes us from appreciating the technical apparatus used in the appendices; but the reasoning in many portions of the main body of the text also seems to us particularly hard to follow, though it is able and ingenious. It certainly imposes a considerable strain on the attention of the reader. The appendices, at any rate, are, in our opinion, likely to remain more conspicuous as an exhibition of uncommon ability and attainment, than to prove of any serious

use to business men engaged in the adjustment of a difference upon wages; and we should be unfair to Mr. Pigou if we concealed the standpoint from which we approach the examination of his book. For we think that the plain citizen who chances to take up this volume may consider with some justice that some at least of its chapters are calculated to confirm an unkind suspicion that academic economists are prone to argue "in the air." Mr. Pigou himself modestly acknowledges in his Preface that the "practical man" may "need tolerance to forgive" "errors of proportion" in the treatment of the subject. We should not be candid if we did not add that we greatly fear that he may retreat bewildered or discouraged from the difficult subtle reasoning of Mr. Pigou's second part, where he considers what he describes as the "principles of industrial peace."

It is always a somewhat perilous undertaking to adapt what was prepared originally as an academic exercise, to be appraised by experts, for subsequent issue to a larger unprofessional public; and we have already indicated our opinion that Mr. Pigou has not been entirely successful in "popularising" a large section of his book. Perhaps, however, this was not his real intention, and economists may admire the skill with which he conducts his reasoning, and reaches his conclusions, in chapters which seem to us least likely to attract the layman. For those chapters, we imagine, are the more original portion of his work, and they challenge the attention, where they do not wholly convince the understanding, of the expert and instructed reader. Mr. Pigou, for instance, compares here with nice exactitude the respective weights of the arguments which may be used in favour of or against the view that industrial arbitrators should in their awards attempt to influence the distribution of wealth in the interests of the working, who are also presumably the poorer, classes of the industrial community, and, in a later chapter in this same section, he examines closely, and indeed exhaustively, the many differing considerations which actually affect, or, as he contends, should properly determine, the successive fluctuations of wages under the systematic operation of the mechanism of industrial peace. Yet here, as we have noticed previously, his theoretical conclusions, by a curious coincidence which is perhaps significant, generally correspond with those which have become established in actual practical experience.

Despite, however, of the rare dialectical ingenuity shown in rich abundance in these chapters, we still feel a doubt whether the work was worth the pains which have manifestly been taken

in its execution. For from the very nature of the case Mr. Pigou seems forced to address his chief attention to the outskirts rather than the central fastness of the problem. We are unhappily unable, as we have already said, to follow his mathematical appendices; but in the text, as it appears to us, he has, in effect, embarked on the fruitless or impossible enterprise of using the "economic organon" in circumstances to which it is hardly applicable, and as a consequence he moves in the more or less distant neighbourhood of the central problem rather than on the actual spot where the interest and the difficulty alike are concentrated. He tells us that arbitrators should aim at the ascertainment and adoption of the "normal wage," which in most industries, he adds, may be "equated to the general level of efficiency wages." But the "normal wage," so far as the economic reasoning with which the text-books render us familiar is concerned, is conceived as the resultant of competitive forces, and the pre-condition of systematised arrangements for wage-adjustment, as Mr. Pigou himself shows clearly in the first part of his book, is the existence of combinations on either side. We cannot discover that Mr. Pigou has overcome, in his text at least, the crucial difficulty connected with the "indeterminateness" of this central problem; and the chapter in which he deals with it is conspicuously, perhaps necessarily, brief, compared with those in which he handles what must surely be, by contrast, treated as subordinate if interesting questions, namely, whether arbitrators run more risk of doing injury when they seek to influence the distribution of wealth than they are likely to confer permanent benefit on the community at large, and by what general considerations fluctuations from the "normal wage" should properly be regulated.

We have emphasised this matter and discussed it at some length, because it is, we think, illustrative of a larger difficulty which may be raised about the whole of the second part of Mr. Pigou's noteworthy book. It appears to us that he employs the ordinary assumptions made by theoretical writers upon economic principles as if they were adequate to furnish the reasoned explanations of the practical conduct which may fairly be expected in a department of business life of unquestionable importance. And yet they seem to us to be fatally defective in their application to the central problem which arises here; and their failure is, we think, due to the significant circumstance that the salient characteristics of the actual situation cannot be brought into sufficient correspondence with the necessary assumptions. The

central problem is itself indeterminate. And hence, although the attentive reader finds that Mr. Pigou is careful to emphasise repeatedly the caution that the difficulties of applying the theoretical considerations which he advances to practice are so great that they may even be styled enormous, and that the stubborn facts of real experience not unfrequently appear to reduce to naught, or temporarily, at any rate, to set aside, the conclusions of speculative theorising—for, as he rightly says, what is “practicable” must often supersede what is “ideally best”—yet he can hardly avoid conveying the impression, which we think unfortunate, if not misleading, that the “principles” which should guide industrial arbitrators can be discovered by the skilled employment of the “economic organon.” We are not certain whether Mr. Pigou does or does not consciously and deliberately hold this view; we are sure that many of the less attentive of his readers will believe that they have been engaged with him in the successful resolution by scientific instruments of a tangled question. It appears to us, on the contrary, that the suggestion of side points of view regarding the subordinate aspects of the central problem, which must arise in wage-adjustments, is alone within the competence of such reasoning as necessarily is here employed. On that account the lavish use of technical phraseology and the elaboration of refined argument, which characterise this second section of Mr. Pigou’s essays, are not, we fear, immune from the serious risk of causing mischief, even when they are entrusted to such dexterous hands as those by which they here manipulated. For they are not unlikely to induce the reader, and perhaps even to persuade the author, to think that they have accomplished more than they have achieved or can effect. The boundary which separates the legitimate use from the perilous abuse of the refinements of mathematical economics, may be transgressed without attracting notice, and less capable exponents than Mr. Pigou might readily go astray, encouraged by his example. To be perfectly candid we regard these ingenious chapters as an illustration of the subtle temptation offered to the ambitious student by some recent developments of economic theory; but we hope that in questioning the suitability or sufficiency for the particular task here set of the delicate instruments employed we have not done unwitting injustice to the rare skill of their manipulator.

We have devoted so large a space to the consideration of the second portion of Mr. Pigou’s book because it seems to us to raise the crucial question to which we have referred. We believe

that Mr. Pigou himself would agree with us in regarding this second section of his book as the most important of the three parts into which it is divided; for it is here, we imagine, that the "original work," to which he modestly makes reference in his Preface, is presented. In the other parts, of which the third deals with the actual "Methods of Industrial Peace," and the first is "Historical and Descriptive," he shows a wide and exact knowledge of the details of the subject, and applies a keen discriminating judgment to the advantages and disadvantages of different detailed modes of reaching the one goal at which all varieties of the pacific settlement of industrial quarrels aim. In the "Historical and Descriptive" chapters he rightly draws attention to the indirect benefits of industrial peace, which he classifies suggestively as an "improvement of moral relations," a "broadening of intellectual view," and a "reflex influence upon character," arising, we may note that he himself observes expressly, "from membership of an employers' or workmen's organisation." In the third section of his book he duly emphasises the distinction which experience has brought into clear relief between those "minor matters of interpretation," which refer usually to the past, and the "general questions" on the "terms of future employment." In the case of the former he shows that the "chief desiderata" are "convenience, expedition, and cheapness," while in that of the latter he reaches the conclusion that, when the relations between the parties are bad, a scale is superior to an industrial agreement, but that when relations are very good, it is inferior; and that in all such questions it is desirable to settle the difference by conciliation without resort to arbitration. That the negotiators should be few in number, and that the procedure should exclude, if possible, lawyers, are similarly conclusions which do not admit of serious question; but they seem to us to be dictated by experience of actual fact rather than to follow from reasoning on general principles. Mr. Pigou then passes to the third problem which he distinguishes—that of mediation—and in his final chapter he discusses the fourth and last problem—that of "coercive intervention." Here, we may notice, he reaches a conclusion which favours a "scheme restricted to certain specially important industries, and providing for coercive reference, at the discretion of the Government, to a Court whose awards shall depend on the sanction of public opinion."

From the account which we have given it will be seen that little, if any, opportunity is furnished in these two portions of the

book for the application of any deductive argument of the nature of that presented in systematic economic text-books upon general principles and employed by Mr. Pigou himself in his second section. And yet the readers of these chapters will, we believe, be sensible of greater definiteness than we think they can derive from that exposition of the "principles" of industrial peace which we have already noticed. They will feel, at any rate, that they are in more immediate touch with practice, and they will perhaps share our confirmed opinion that the work accomplished here, if it presents less formidable difficulty, and accordingly offers of necessity less considerable opening for the exercise of rare ability, is not less valuable. Even here we suspect that the final chapter will be found least satisfactory. For here the record of experience is as yet more scanty, and in its absence the reasoner is compelled to make a larger use of "general principles." This chapter, however, contains some subtle and acute suggestions, which, so far as our knowledge goes, have not been previously put forward. The "logical tree" of sixteen practicable forms of compulsory reference to arbitration is, at any rate, characteristic of the bent of the author's mind.

Mr. Knoop's book is of a different nature. He does not address himself to the fine complicated questions which Mr. Pigou handles with exceptional dexterity. He does not seek to penetrate into those dim and somewhat tortuous recesses where Mr. Pigou threads his easy way with a nimble daring which demands our admiration, if it does not encourage us to follow rashly in his steps. In fact, we are not sure that some of the *caveats* put forward in Professor Chapman's judicious Preface to Mr. Knoop's essay, might not be addressed to precipitate imitators of Mr. Pigou. A quotation or two may support this contention. In "entering upon the investigation" of the question, Professor Chapman observes, "certain dangers must be guarded against." "There is the danger," he proceeds, "of supposing that society is much simpler than it is, and that a group of intelligent practical men could, given full evidence from interested parties, hit upon the solution as easily as the mathematician can find the value of certain expressions, given the requisite number of equations." We are far from alleging that Mr. Pigou himself represents or regards society as "simple," or the correct solution of wage-questions as "easily" attained; and yet we are not certain that his readers will feel that they are fully secured against the further risk mentioned by Professor Chapman which arises from "proceeding too deductively," or

be wholly proof against the perilous but powerful "seduction of mechanicalism." From such dangers, at least, Mr. Knoop is conspicuously protected by the method he adopts and the attitude which he maintains throughout his essay.

He rarely, if ever, deserts the plain full statement of facts for speculative reasoning, and he generally refrains from critical examination. The most pronounced commentary which he offers is connected with compulsory arbitration. His objections to Mr. Reeves' arguments in favour of the system recently established in New Zealand may be recommended to the close attention of those who have found it hard to answer satisfactorily the dexterous pleading of that persuasive advocate, and yet have felt tolerably certain that his statement of the case was not conclusive, and should not convince. Mr. Knoop himself is going perhaps too far when he suggests an uniform order of progress, starting from a preliminary condition of incipient industry, when strikes are small in magnitude and few in number, and proceeding, through an intervening stage of active and incessant violent warfare, to the final state of continuing industrial peace now attained, and apparently established firmly, in this country. He regards our Australasian Colonies, where the compulsory arbitration of industrial disputes is adopted, as representative of the first, and Great Britain of to-day, with its numerous successful voluntary agencies for conciliation, as representative of the last of these three stages; while the United States of America have passed the first and have not reached the last. But he is undoubtedly correct in emphasising the great progress which has been accomplished here by voluntary action during the last quarter of a century. This gratifying and considerable result has been wrought, as he shows instructively, by "trade boards" chiefly, and, in an infinitesimal degree alone, by "district boards."

A few traces of its origin in an academic exercise are perhaps still evident in this essay. In some places the expression of the argument might possibly be amended with advantage; and the reasoning itself may sometimes appear somewhat immature. Yet the general arrangement of the material presented is both lucid and appropriate, and of the great usefulness of the whole essay as a convenient repertory of the main facts both of the past history and of the present condition of the question in the chief countries of the world no doubt can, we think, be entertained. The evidence of Mr. Knoop's assiduous and intelligent research is discernible on every page. He has ransacked the sources of information; and the excellent bibliography at the end of the

essay, together with the convenient summaries of the special evidence available on particular points furnished in the foot-notes, afford conclusive proof of the industrious and indeed exhaustive character of his investigations. The statistical tables presented in the course of the different chapters are pertinent and illuminating, even if, as is generally the case with such tables, we are more conscious of their deficiencies than of their merits, and Mr. Knoop himself is careful not to press illegitimately the conclusions which he draws from the imperfect data they supply. His book, however, as we remarked at the beginning of this review, together with that written by Mr. Pigou, demonstrates beyond possibility of mistake the difference between the position now occupied by the whole question and that which it filled some twenty years ago. A considerable literature has grown up in the interval; and an enlarged practical experience has furnished fresh material for fuller knowledge and more definite and discriminating judgment. In this, as in similar cases, extravagant hopes may have met with merited disappointment; and even reasonable expectations may have seemed hitherto to be inadequately fulfilled. Yet, interpreted in a liberal sense, "Industrial Peace" is in many of the larger industries of England a realised achievement, and no visionary anticipation of the future. It certainly deserves the diligent enlightened study of such capable and careful students as Mr. Knoop and Mr. Pigou have shown themselves to be; and their two books form opportune additions to our economic literature. Their simultaneous publication is an incident no less felicitous than it is significant.

L. L. PRICE

Compatriots' Club Lectures. First Series. Edited by the Committee of the Compatriots' Club. (London: Macmillan and Co. 8vo. Pp. vi—327. 1905.)

THE fiscal controversy has now been before the country for a sufficient length of time for the important issues to be viewed more calmly and more comprehensively than was easily possible in the heated and confining atmosphere of party strife and ancient prejudice by which it was at first surrounded. The manifesto of the economists, to which Professor Ashley naturally directs his chief attention at the opening of his Lecture on "Political Economy and the Tariff Question," reprinted in this volume, seems somewhat ancient history, and we may hope, perhaps, that it hardly needs the stringent but deserved criticisms passed by Dr.

Cunningham, in his lecture on "Tariff Reform and Political Morality," on the later but not less positive declaration of certain clergymen, to show that it is not by means like these that the matter will be finally decided. For we have passed beyond the stage when a fiscal policy of Free Trade can be regarded as alone consistent with political morality, or any departure from that policy can be summarily dismissed from close consideration because it is styled or thought "uneconomic." Professor Ashley has little difficulty in proving that the appeal to economic authority, at any rate if the range of that authority extend beyond the boundaries of our own country to Germany or the United States, receives a more uncertain and more balanced answer than the manifesto of the economists suggested, though perhaps without deliberate intention, to the unprofessional public; and Dr. Cunningham finds it no less easy to discover insecure positions in the clerical manifesto. For a policy of Free Trade, or free imports, can be readily conceived as tending, under existing circumstances, to cause lapses from political morality no less dangerous than those which have for long been popularly associated in this country with Protection. The fact is that such confusions and misapprehensions can be set aside, and the broad fundamental issues of the controversy, freed from their incumbrance, can now be steadily, and even to some extent at least impartially, considered. To reject the possibility of effecting necessary or beneficial changes in our fiscal policy because intellectual error is an obvious characteristic of some past or present protectionist reasoning, can be seen to be as superficial and irrational as it is to confound the vulgar and ignorant "convinced Free Trader" with the more enlightened critics who discern appreciable risk and serious difficulty in the introduction and the maintenance of a system of colonial preference.

This, in our opinion, is the moral to be drawn from the perusal of the present volume. For, whether its readers agree or disagree with the opinions therein expressed, they must recognise that a creed, which is at once comprehensive and consistent, is here advanced by men who can be justly accused neither of any ignorance of practical affairs nor of any failure to appreciate the logical validity or invalidity of the successive stages of an argumentative process. Their consistent creed is the belief in the possibility of realising the ideal of an United British Empire. The comprehensive means to be taken for that purpose are the adoption of "principles of constructive policy on all constitutional, economic, defensive, and educational questions," which will help

towards the early and complete fulfilment of that ideal. This declaration does not fail at any rate in comprehensiveness. Fiscal policy is no doubt the most immediate issue; but Mr. Garvin in his essay on the general topic of the principles of constructive economics as applied to the maintenance of empire, with, which the volume opens, seizes, we believe, on the heart of the matter when he contends, with a journalistic aptitude for telling phrase and persuasive argument, that Free Trade was but one portion of a whole scheme of politics resting on the general conception of *laissez-faire*. The followers of Cobden may, perhaps, have pushed some of his favourite maxims to extremes, to which his fund of common sense and his shrewd perception of the opportunities of each successive moment would have prevented him from following them. But of his dislike of costly armaments and his belief that peace would be a necessary consequence of international trade, of his feeling that the Colonies and India were hazardous incumbrances, of which we might be better rid by their eventual separation from the mother-country, of his antagonism to Trade Unions and to Factory Laws, no doubt can be entertained by those who have studied carefully his speeches as a whole, and do not rely upon isolated passages extracted from their context. These, indeed, may have been adjusted to peculiar passing circumstances, and were not the outcome of deep and permanent conviction. For all these various tenets were, in fact, the natural expression of his type of mind, and accorded with the prevailing temper of the times in which he lived. It would be as unreasonable to look for anything else, as it is presumptuous to conclude that a fiscal policy, which met the urgent needs of the situation, so far, at any rate, as England was concerned, about the middle of the nineteenth century, needs no adaptation to the changed requirements of the British Empire of to-day. Experience has dictated the abandonment of *laissez-faire* as the guiding rule of conduct in other matters; and it is no inconsistent creed which aims at a constructive policy in the general arrangements of the Empire, and yet addresses its chief attention at the moment to our fiscal system as a signal instance of the cases where the old conception now requires replacement by newer and more positive aims.

A broad comprehensiveness of view may be treated as the characteristic keynote of this volume. Sir Vincent Caillard, it is true, and Mr. Hills, discuss in their particular contributions important special aspects of the problem. Sir Vincent tries, and, as we think, with great success, to remove the support from

the vulgar misapprehension which fosters the prejudice so easily aroused about an increase in the cost of food; and Mr. Hills endeavours, also, as we hold, with convincing force, to acquaint his readers with the actual motives and the ascertained results of the old colonial preferences. So far from thinking that they were abandoned as admitted failures, he shows that within their limits they were, as a matter of fact, successful in achieving the main objects for which they were designed. Nor, in his opinion, did they work the harm which has been attributed to them, although the relations between the mother-country and the colonies were very different from those which would now determine the details of an imperial fiscal policy. These contributions to the discussion are important and suggestive; but they deal with certain plausible or real objections which have been advanced against a constructive policy rather than with the development of that policy itself. Mr. Gwynne by contrast pleads for the substitution of such a policy for the *laissez-faire*, which has hitherto prevailed, in the matter of directing the tide of emigration from Great Britain to the colonies, which certainly need additions to their present scanty population. This, it is true, is the case in a less degree with Canada than with the other Colonies, but the actual circumstances of the Dominion, with the recent vast influx of settlers of American origin, are not the least pressing of those which prompt the early introduction of some new more potent bond of union between Great Britain and her Colonies than the ties of sentiment and interest which now exist. Mr. Wilson, in a similar spirit, shows the intimacy of the relations between National Defence and Fiscal Reform. On the one hand, a policy of *laissez-faire* in national defence conducts directly to destruction; on the other hand enlarged revenues, which cannot without risk or trouble be obtained by our present fiscal system, are imperatively required to make our national position absolutely or even reasonably secure. Sir John Cockburn lastly, in a suggestive analogy taken from biology, propounds the view that the Colonies, who were once kept under the strict control of the mother-country, had to pass through the independence which they now enjoy, on the road to a closer union, and not to separation.

We do not pretend to conceal the fact that our own strong sympathies have already been enlisted for the objects for which the Compatriots' Club was founded; but we are none the less convinced that those aims are likely to be more effectually promoted by the publication of such volumes. It is true, as the Prefatory

Note admits, that all the writers are not agreed on every point of detail; but they have succeeded in producing an impression of consistency which is, we think, in harmony with the actual facts. They have shown beyond dispute that the creed which they put forward has been adopted by a body of thinking men, who are determined to advance their cause by serious argument addressed to the reasoning faculties of their readers. There will, we feel sure, be few of those who will not rise from the perusal of this volume, whether they do or do not dissent from the opinions of the writers, without being sensible that these papers are among the most important, and are likely to prove not the least influential, of the contributions made to the discussion of the fiscal question. Those who disagree will acknowledge that they have had to deal with foemen worthy of their arms; those who agree will congratulate themselves on this powerful reinforcement of a cause which they are certain must eventually succeed.

L. L. PRICE

The Growth of the Manor. By PAUL VINOGRADOFF, D.C.L.,
Corpus Professor of Jurisprudence at Oxford. (Swan Sonnenschein, 1905. Pp. vii. + 383. 8vo. 10s. 6d.)

"PROFESSOR VINOGRADOFF has arrived at a knowledge of legal opinion and procedure in the thirteenth and fourteenth centuries which would be more than worshipful in an Englishman and is nothing less than terrifying in a foreigner." Such was Professor Ashley's opinion when reviewing Professor Vinogradoff's *Villainage in England* twelve years ago. Since that date the Professor of History at Moscow has become the Professor of Jurisprudence at Oxford, and this book is the outcome of his lectures in 1904.

Professor Vinogradoff, in his preface, would seem to suggest that he is merely co-ordinating the work of other scholars in the same field so as to present some sort of unity. There has been so much controversy that he considers the time is now come for "a summing up of results, for estimates of the manner in which recent researches counteract and limit or supplement and support each other." But the book is far more than this. It is a brilliant and fascinating account of the origin of English social and economic institutions, full of fresh inspiration and suggestion on nearly all sides of early English life.

Professor Vinogradoff has always been an opponent of those who argue that the manor took its origin mainly in the Roman

occupation of Britain, that the whole progress of the cultivator from that time has been from a state of slavery to ever greater freedom. On the contrary he maintains that the English manor grew up slowly in the late Saxon period, and owed comparatively little to Roman influence, chiefly because the impression left by Rome was so slight. Not merely does Professor Vinogradoff deny the Roman origin of the manor, he is able to account for its growth in other ways, and traces it to the rise of a military and capitalistic class in Saxon times, who gradually gain the mastery over a rural community of ancient and independent growth (p. 235).

Professor Vinogradoff also maintains that the origin of property in England was communal and not individual. "In so far as agriculture is historically developed out of pastoral husbandry, there seems to be hardly anything more certain in the domain of archaic law than the theory that the soil was originally owned by groups and not by individuals, and that its individual appropriation is the result of a slow process of development" (p. 18). Great stress is laid on the uselessness of dividing and individually appropriating pasture lands in early days. What the tribe or clan wanted was a large tract of land on which to pasture the herds, and the division of the land would be into large tracts parcelled out among clans and not among individuals. Although the community in Celtic times seems to have enjoyed equal grazing and arable rights, yet there were great differences of rank within the community. There were serfs as well as free people in each group, and both were subjected to a food tribute to provide maintenance for the kings and chiefs. The main conclusion of Professor Vinogradoff's examination of Celtic tribal society is that nothing resembling the manor is to be found in it, though there were some of the elements "incomplete and disconnected" of a manor. These tendencies were, however, overshadowed by the fact that the affinity in blood was the great tie between each group, contributing to keep up a spirit of co-operation which was entirely opposed to the idea of the manor, the essence of which is an overlord with dependent cultivators who perform certain services on the lord's land.

The chapter on the Roman influence in Britain is one of the most interesting in the book and gives the best presentment of the case for the non-Roman origin of British institutions which has hitherto appeared. Like other historians, Professor Vinogradoff points out that the romanisation of Britain was by no means so thorough as in other parts of the Empire. The point,

however, that he makes so clear is the latitude which the Roman system allowed for local variations. They "actually recognised the land districts of the Celts and the peculiarities of their grouping on the land, merely introducing the city as the head and centre of the land district." Even in surveying and entering up titles to land the Romans acknowledged customary organisations. The communal idea of property was, therefore, not superseded by the Roman idea of private property. The traditions of the earlier period "lingered obstinately," though often disguised by Roman legal forms. Professor Vinogradoff brings out more clearly than has hitherto been done the difference in the type of the cultivation of the North and South of Europe, and he shows that it would not have been possible for the Romans, even had they wished it, to change the whole character of the cultivation and override all the natural tendencies of the northern cultivation. As a matter of fact they did not do so, and the extensive cultivation, half pastoral habits and communalistic arrangements prevailed not only in Britain but in Flanders, Brittany, and round the territory of Chartres (p. 66).

Another very interesting fact which is brought into prominence is that the Britons themselves, when occupying Brittany and a good deal of the country round the Loire in the fifth and sixth centuries, actually destroyed the Roman elements and language in those districts. "The people who brought about this result certainly did not speak Latin or submit to romanisation in the country from which they came if they acted in this manner in their new home."

Certain *villas* existed in Britain, but alongside of these foreign excrescences the Celtic rural arrangements predominated, simply because of the necessity for conciliating the labouring masses, and the difficulty of reproducing successfully the same system as worked effectively in Italy, where it was possible to bring greater pressure to bear on the labourer. There were, therefore, no traces of manors, as the prevalent type of rural organisation in England, when the Teutons came.

Professor Vinogradoff dwells, as others have done, on the great destruction which followed. The land was again divided according to family rights, and family holdings became the unit of property (p. 142). This land was the folkland whose meaning Professor Vinogradoff was the first to make clear. While keeping, however, to the family method of landholding, the Teutons differed from the Celts in their method of settlement. A concentration of people in villages followed the Teutonic conquests,

originating probably in the necessity of keeping together for defence. But alongside of the small landowners of the townships there were men owning large tracts of land, and Professor Vinogradoff suggests that this may have been due to the Roman tradition; the King and the Church were both great landowning powers, and great men, earls and thanes, tended to approximate to this ideal. The most powerful factor in this direction was the Norse invasions. Out of the century of constant harrying there arose a professional military class, and with it the growth of private dues and duties to support the members of that class who began to assume the position of overlords. Then, too, as new districts were colonised the richer men would provide cattle, corn, and slaves for the new settlers, and the tendency was for these men to regard themselves as dependents of the man who furnished the stock. The produce paid to the military leaders and overlords would be collected in some central place or mansion; this became later the hall in which business transactions were carried on, and this place became the centre round which the tributary peasantry were grouped. From this one can understand how groups of freemen became economically dependent, but not how there came to be a group of men bound to cultivate the lords' own domain land. Professor Vinogradoff suggests that the domain property was originally cultivated by slaves who were recruited from the free classes—men who had become degraded through crime or through disaster. These men would be paid by a holding of land, and in return they gave a fixed amount of work. So that on the early English manor there would be tributary peasants paying food dues to the lord, and peasants compensated by a holding who were bound to perform services, the whole community centring round the hall.

While the prevailing tendency of the later Saxon times was for men to group themselves round some greater or stronger man, the Norman Conquest crystallised the tendency into such a shape that it became the prevalent type. The aim of the conquerors was to organise the country and to obtain a hold on its resources, and the feudal organisation seemed the best for their purpose. They took advantage of the existing links of patronage and land ownership to work out and spread a new feudal scheme. The whole effect of the Norman Conquest was to recast the ideas of society from those in which the idea of communality predominated to a state of affairs when the leading idea was *nulle terre sans seigneur*. The great survey was taken by Norman commissioners, and those conditions which did not fit into their standard

were manipulated so that they should fit in. Hence there was a wholesale process of generalisation and organisation when the great survey was taken. Professor Vinogradoff points out that although Domesday Book is continually referring to a state of affairs in the time of King Edward, yet the actual conditions then were very far from being those of the manor as described in 1086. The manor itself was not new, but the wholesale way in which the manor was spread, and the systematic simplification was new. Another new thing was the way in which society was classified according to the services rendered. Everyone who rendered rural services of a certain character was classed as unfree, while other services were classed as free; the line of distinction was arbitrary, but "the stuff of which society was made had to be cut somewhere." Now services had never been the predominant idea of the older Saxon *régime*, but after the Conquest the whole theory of land ownership changes, and all men are regarded as holding land not in virtue of communal rights but from the private and exclusive ownership of the lord. The Norman Conquest and the Domesday Survey amounted to a veritable revolution in land-owning, landholding, and the status of the peasantry. Nevertheless the old scheme of local administration in townships persisted, and the rural life of the village went on unchanged with its detailed organisation for the management of the open field system and the political and police duties connected with the township. The main argument of the book is that of the degradation of the free man through the force of economic and military circumstances, and the organising unifying tendency of the Norman Conquest.

The great point about the whole work is that it is constructive. One so often rises from a book feeling that one's preconceived notions were wrong, and unable from the very caution of the writer to substitute any precise idea of what was right. One leaves Professor Vinogradoff's book with very definite impressions; the exceedingly difficult question of tribal arrangements and kindred take on new light; the various social classes and divisions in the early English and feudal period seem to have become clearer. The great characteristic of the book is its lucidity, both of thought and arrangement.

The notes are full and most valuable, but it seems a pity that they are not more accessibly arranged—either at the end of each chapter or at the end of the book. It is quite a hunt to find the particular notes referring to the particular chapter, especially as the numbering begins afresh for each chapter, and one so often

gets the right number but the wrong chapter when looking up the note. The printing, too, is careless and uneven. But these are minor defects. The book itself is an exceedingly valuable and scholarly contribution to the vexed and interesting study of English beginnings, and one which all students of mediæval history will hail with gratitude and admiration. It is good news to hear in the preface that Professor Vinogradoff is meditating a second volume of "Essays in English Mediæval History."

LILIAN KNOWLES

English Local Government. By PERCY ASHLEY. (London : T. C. and E. Jack. 1905. Pp. 190. 1s.)

MR. ASHLEY describes his purpose as being to "provide an elementary sketch of English local government as it is at the present day," and he hopes that this may be useful both "to the citizen who wishes to know something about the organisation and working of those local authorities on which his comfort so much depends, and to the student as an introduction to the larger and more elaborate works," of which a list is given in the appendix. He first describes the authorities, then the services which they perform and the financial methods by which their services are provided for, and, lastly, their relations with the legislature and the law courts.

As he himself remarks, this method involves a certain amount of repetition, inasmuch as nearly every kind of important authority has more or less to do with every important kind of service, but it is difficult to see how this can be avoided. In spite of this difficulty, he has managed to compress an enormous mass of matter into the very short space allowed him by the exigencies of the publishing trade. No man can possibly describe all the intricacies and anomalies of our system of local government with absolute accuracy in fifty thousand words, and it would be easy for specialists to point out places where Mr. Ashley would have had to expand a line into ten pages, if he were bound to tell the whole tale. But he is almost always sufficiently accurate for the purpose in hand, and the absolute errors which I have noticed are neither numerous nor important. It is not true that there is a 2*d.* limit to the rate for higher education in county boroughs; provided the rates in London and the rural districts are kept down, members of Parliament will not restrict the big towns. Nor is it true that the two groups of elementary schools "are to be known

henceforward as 'provided' and 'non-provided'; these words are used in the Education Act, and seem to be emulating the example of the absurd expression, "School Board for London," but the Act does not say they are to be used anywhere else, and the Board of Education prescribes "Council" and "Voluntary." In several places the part which the county councils outside London play in providing elementary education is considerably exaggerated by a failure to recognise the importance of the non-county boroughs and large urban districts; it is true that these boroughs and districts may resign their powers to the county councils, but Mr. Ashley forgets that the county council has the power of refusal to accept this resignation, and always will exercise it when the rate of the locality is higher than that of the county, while in the rarer case of the county rate being the highest, the locality will not wish to surrender its powers. A "Light Railway" does not necessarily use the ordinary highway; some light railways have been constructed in accordance with the intentions of the Act. Three times Mr. Ashley has fallen into the curious error of using an argument which implies that high charges for water reduce consumption in an injurious manner, apparently forgetting that domestic water is scarcely ever charged for by meter.

In spite of the narrow limits of the book, Mr. Ashley finds room for some interesting expressions of opinion upon the working of our institutions and the directions in which they require amendment. Though hostile to the repulsive bureaucracy of the Chadwickian school, he seems, at any rate to one who has taken part in the administration of a small county borough, to exaggerate the advantages of the English system of legislative and departmental control. People are always telling us that local authorities should not be entrusted with functions because they are deficient in initiative, and we are directed to notice the fact that private enterprise starts new undertakings, and the local authorities only take them over afterwards. Is this very surprising, when the very nature of the system so ably described by Mr. Ashley is to prohibit or place an enormous fine on every exercise of initiative? Suppose Mr. Ashley were administering a municipal tramway in a small town, and next November found that its efficiency and usefulness would be increased by running a motor-omnibus in connection with it, would he be pleased with our system when he found that before he could do it he must wait at least twenty months and spend two or three times the value of the 'bus in promoting an Act of Parliament? Or, if he were chairman of a

sanitary committee in a place immediately threatened by small-pox, and found that the Local Government Board would not sanction an iron building because it is not sufficiently durable and may catch fire, would he be altogether in sympathy with departmental control? The system is really most deadening, and is only prevented from being disastrous by the absence or inefficiency of government audit, which enables many things to be done which are not legal or sanctioned by departments. The fact is, that the departments' function of criticising and furnishing information requires great enlargement, while their powers of control should be almost completely swept away. To remedy the immense evils resulting from the principle that a locality may only do what it is expressly authorised to do, much more is required than the mere application to England of the new Scotch system of private bill legislation, which Mr. Ashley regards with some favour. The principle should be reversed, and the local authority allowed to do anything not expressly forbidden by the general law or by particular enactments relating to local government.

EDWIN CANNAN

True Money. By WORDSWORTH DONISTHORPE. (London : Swan Sonnenschein, 1905. Pp. 111.)

THE first part of this booklet contains a brief statement of some of the elementary facts about money, and the remainder is devoted to the advocacy of certain reforms. We will deal first with the reforms. Mr. Donisthorpe thinks that "an obvious remedy for the evils due to token coins is their abolition," and suggests that "full-value coins—that is, real money—should take their place."

While he is opposed to bi-metallism, he thinks that "all the good results anticipated by honest men" from its adoption would be attained by what he calls "Con-currency," by which he means the free minting of silver "at the proper cost of the persons bringing it." No ratio is to be fixed by the State, for this he regards as unnecessary. He also suggests that a mint charge should be made for the coinage of gold, and appears to be rather in favour of generally curtailing Government interference in the control of the currency.

We think he exaggerates the evils due to the token coinage, while he underrates its great convenience to the public, and we doubt whether "con-currency" would be attended with all the advantages that he claims for it. The objection which he points

out on page 41, namely, that "twenty silver shillings would sometimes be worth more than a gold sovereign and sometimes less," and that this would be "highly inconvenient in calculating change," is one that would be unavoidable in the absence of a fixed ratio, and the argument he uses in order to remove it is not convincing.

We agree with the author that "commercial men can be trusted to manage their own affairs without the aid of armchair politicians, amateur economists, and currency jugglers," but he is inclined to overlook the part played by the State in securing a sound system of credit, upon which the successful management of those affairs so much depends.

Mr. Donisthorpe sometimes expresses himself with unnecessary vigour, and a sentence like the following: "Legal tender is either legal fraud or legal foolery" (p. 80), would be better omitted. The book is not well arranged, and the author has rather an irritating way of repeating himself. The expression "intrinsically valuable," which occurs more than once in the earlier sections, might perhaps have been avoided, but otherwise the functions and attributes of money are very clearly explained.

HENRY S. FURNISS

THREE LITTLE BOOKS ON FISCAL REFORM.

Free Trade versus Protection. By T. G. P. HALLETT. (London : Cassell and Co. Pp. 63. Price 6d.)

England's Ruin. By A. M. S. METHUEN. (London : Methuen and Co. Pp. 127. Price 3d.)

Fiscal Reform. By WORDSWORTH DONISTHORPE. (London : Swan Sonnenschein and Co. Pp. 64.)

MR. HALLETT's pamphlet contains an admirably clear statement of the arguments for Free Trade. After a short preliminary chapter on the confusions of the controversy, he goes at once to the heart of the subject, and carefully contrasts the free with the protected market. He shows how Protection causes a "falsification of values," and points out the effects of this falsification on exchange, consumption, production, and distribution (Chapters II. and III.). In Chapter IV., entitled "The Labourer's Budget," which we think is perhaps the best in the book, he deals with the question of employment and wages, pointing out that, under Protection, "whilst the producer would sell his goods in a market protected from competition, he would

hire his labour in a market open to competition. A protected market for the goods he sells, and a free market for the labour he hires, might be advantageous to him, but not, relatively speaking, to the labourer."

While we fully agree with all that Mr. Hallett says in Chapter IV. as to the evils likely to arise from the imposition of retaliatory duties, we think that advocates of that policy might reply that he has taken for granted the impossibility of its success. We wish a short section could have been added, pointing out how highly *improbable* it is that any attempt at retaliation would lead to the reduction of foreign tariffs. Perhaps this might be found feasible in a new edition, for the pamphlet deserves to pass through many editions and to be widely read.

MR. METHUEN, like Mr. Hallett, writes on the Free Trade side of the fiscal question. His pamphlet contains nothing that is new, but at this late stage of the controversy it is hardly to be expected that it should. He has collected a great number of the facts and figures which have from time to time appeared in refutation of the arguments contained in Mr. Chamberlain's speeches, and presents them, together with many well-known criticisms of his policy, in the form of sixteen letters addressed to Mr. Chamberlain himself. The form which the author has chosen has, perhaps almost of necessity, led him to adopt a somewhat personal tone, and this is particularly noticeable in the last two letters, where he attacks Mr. Chamberlain with a virulence which we should think almost calculated to cause a reaction in his favour. A great part of the pamphlet is brilliantly written, and the facts and arguments are brought forward and arranged with great skill, while the statistics, with which the pamphlet is not overweighted, are taken from trustworthy sources and aptly introduced.

MR. WORDSWORTH DONISTHORPE's pamphlet deals with fiscal reform in a wider sense than those of Mr. Hallett and Mr. Methuen. He surveys almost the whole field of taxation, and in the first forty pages examines "some of, but by no means all, the objections which can be justly urged against a brutal poll-tax, hampering and oppressive land-taxes, a partial, oppressive, and inquisitorial income-tax, childish and vexatious assessed taxes, the excise with its spies, informers, and underground law-breakers, death-duties designed to plunder one class for the supposed benefit of the rest, and, above all, against cumbersome,

harassing, and irritating custom-duties, with all the concomitant fumbling at frontiers, so restrictive of free travel and friendly intercourse" (p. 41).

But the pamphlet has its constructive as well as its destructive side. All the existing methods of raising the revenue which the author so ruthlessly condemns are to be swept away, and in their place he suggests that "a uniform tonnage tax should be put on all goods, without distinction, brought into the country. The tax should be levied on the ship in port, and ascertained in the usual way by the load-line or displacement" (p. 47). He also proposes a tax per head on "imported humanity" (p. 50). The tonnage tax, he thinks, would fulfil all the conditions laid down by Adam Smith in his canons of taxation. But as it would be a protective, and in some cases a highly protective tax, it would benefit some classes of the community at the expense of others, and also take more out of the pockets of the people than would find its way into the Exchequer. It would therefore certainly not fulfil two of Adam Smith's conditions. Mr. Donisthorpe would allow drawbacks on imported grain, but even with this concession he recognises the great difficulty of discovering "a statesman courageous enough to face the really arduous task of framing a Budget based on estimates of untried, and therefore unknown, sources of revenue" (p. 63); and here we agree with him.

HENRY S. FURNISS

The Unemployed. A National Question. By PERCY ALDEN.
With a preface by Sir John Gorst, M.P. (London: P. S.
King and Son, 1905. Pp. 199. 1s.)

WE are not surprised at the large circulation which this book is enjoying. Mr. Alden has spent twelve years among the unemployed in West Ham, and has seen most of the Continental experiments at work. His two hundred pages contain a summary of the chief contents of the two substantial blue-books on unemployment issued by the Board of Trade in 1893 and 1904. He has, too, a happy faculty of looking at the bright side of things.

Nevertheless, his book appears to us to belong to a somewhat dangerous class. Proposals to find work for the unemployed are beset by dangers so overwhelming, that we may well doubt whether any solution of the problem is to be found in this direction. In any case we would expect that a book made up of such proposals would suggest the most careful precautions

against these dangers. The author, however, gives the question a comfortable air of simplicity, by either dismissing them in a few lines or writing as if they did not exist.

The unemployed, as distinct from the unemployable, are divided into two main groups : those temporarily unemployed owing to fluctuations in trade, and those unemployed permanently owing to the death of a trade or changes in industrial methods. In dealing with the temporarily unemployed, the author shows an unfailing resourcefulness in discovering more or less useful work, such as afforestation, the reclamation of waste lands and the improvement of canals, which might tide them over the period of distress. But it has not been the difficulty of finding work which has wrecked similar schemes in the past. The real problem lies in the conditions on which it is to be offered. Experience has shown conclusively that men doing temporary work for the sake of relief seldom approach within measurable distance of supporting themselves. The assistance, therefore, resolves itself into charity. How are we to ensure that workmen seek it only as a last resource? The most obvious precaution is to pay them less than their usual rate of wages. This would probably be insufficient, but Mr. Alden dispenses with even it, for in his schemes the trade union rate is to rule. If we repeat the mistakes of the past, we shall not be saved from its disasters by any ingenuity in devising novel varieties of work.

When he turns to the permanently unemployed, the author adopts the usual plan of distinguishing them sharply from the unemployable—such as imbeciles, epileptics, and the incorrigibly idle. This is a useful device for simplifying the discussion, if we remember that there is no such clear line in actual fact. Mr. Alden, however, writes as if all who do not fall within his definition of the unemployable must belong to the class of the genuine unemployed. It is assumed that if the opportunity is offered to them they will earn their own living. But they consist largely of half efficient and half inefficient men and women, who while not altogether unemployable yet cannot maintain themselves. The danger of neglecting this fact is seen in the author's proposals for establishing them in small holdings. Without discussing whether such holdings have any great future before them in the conditions of this country, we may at any rate conclude that they demand men of considerable vigour and intelligence. Only an insignificant number of the permanently unemployed, therefore, are likely to make successful peasant proprietors. Mr. Alden quotes the labour colonies in Holland, where men are trained in

agriculture, and, finally, if their conduct is good and a vacancy occurs, are settled as "free farmers" in small holdings. But the striking feature of these colonics is that for the last ten years not a single labourer has risen to be a "free farmer."¹ We are not surprised at this result when we remember that Professor Mavor reported to the Board of Trade in 1893 that "the adult colonist is almost invariably regarded as a hopeless case." Again, therefore, we are involved in the creation of a class dependent upon the State for support. The peculiarly difficult problems which confront us when this conclusion is realised constitute the starting point for any serious examination of Mr. Alden's proposals. His own discussion, however, concludes before it has reached this point.

Many of the other suggestions are less drastic, and some of them may prove to be of real value. Occasionally, however, they appear to be derived from a careless economic analysis. This probably explains the belief that an eight hours day will increase the demand for labour, and that the mere creation of a new industry will touch the causes of unemployment. Similarly, Mr. Alden quotes with approval the doctrine that lack of employment is primarily due to a general excess of producing power over consuming power.

To the reader who asks why a new machinery should be created for the unemployed, the author replies that the present Poor Law carries with it the "stigma of pauperism." But the man who receives 20s. or 23s. a week for performing relief work worth 4s. or 5s. is a pauper in reality. We doubt whether it will be possible to avoid the consequences of this fact. The stigma of pauperism appears to be due not to any particular machinery of the Poor Law, but to the general sentiment that a man should make every effort to provide for himself. There are already indications that, if the provision of work for the unemployed becomes sufficiently general to show its real character, the stigma will also be attached to this form of charity.

H. B. LEES SMITH

The Labour Day. Protection and Free Trade from the Workman's Point of View. By A. MALTMAN BARRIE. (London: George Vickers, 1905. 1s.)

THIS book does not call for a lengthy review. It is an example of the strange conclusions to which one may be carried by cling-

¹ *Report to the Board of Trade on Agencies and Methods for Dealing with the Unemployed in certain Foreign Countries*, by Mr. D. F. Schloss, 1904, p. 229.

ing firmly to the "lump of labour" fallacy. Its main argument can be stated in a few words. The less work that some men perform, the more is there left for others, and the greater, therefore, is the demand for labour. Hence, in order to raise wages and solve the problem of unemployment, we need only reduce the hours of work to eight or less. Similarly, the more of our goods that are imported from abroad, the less employment will there be at home. The eight hours day, therefore, must be accompanied by protection. Aliens must, at the same time, be excluded, for the greater the amount that they produce, the smaller is the amount left to employ British labour. This class of reasoning is more often to be found in pamphlets than in books.

H. B. LEES SMITH

The Brewing Industry. By JULIAN L. BAKER. (London: Methuen. 1905. Pp. 178.)

THE book is written by one especially engaged in the chemical and biological work appertaining to brewing, and covers a wide field, dealing as it does with the history of brewing, the dry materials and the water used, the construction and the plant of a brewery, the operations of brewing, the qualifications of a brewer, bottling, the licensing laws and their effects, concluding with a chapter chiefly dealing with some statistics relating to the trade.

The book appears to me to fulfil the object adumbrated in its preface, to teach the ordinary reader that the occupation of brewing is not a sort of "Tom Tiddler's" ground on which anyone can pick up money without good training, ability, and hard work. It is not an occupation to which the fool of the family, unable to enter the bar, the Church, or the army, may be confidently set.

But if the book is in places more minutely criticised, there is evidence of a want of detailed knowledge now and then, as may be expected, where an author engaged in the laboratory of a brewery attempts to cover so wide a field. For instance, on page 129, calculations are made which give a net profit of 22s. 6d. to 33s. 6d. a barrel on bottled beers, subject to a deduction for freight and breakages. Nine brewers out of ten would be glad to make two-thirds of the above profit. The total cost (apart from freight and breakages) of a beer sold to the retailer at 2s. per dozen pints would certainly be to most brewers more than £1 per barrel, what with salaries, discounts, wear and tear of plant, &c. Much bottled beer is sold by the brewer at 1s. 9d.

per dozen pints. I am sure that Messrs. Watney, Combe, Reid and Co. (the author's firm) would be very glad to make two-thirds of the net profit the author indicates.

Turning to statistics, Chapter IX., it is erroneously stated that during the last three years, 1901-2-3, there has been a decrease in the consumption of beer in the United Kingdom. The fallacy of the statement is due to its being based upon the number of *standard* barrels calculated for the payment of duty, not on the actual bulk barrels brewed, as it should be. The actual bulk barrels brewed (less six per cent.) in the United Kingdom for the following years ending March 31st, are :—

1899-1900	...	...	37,105,043
1900-1	...	...	37,184,248
1901-2	...	...	36,887,260
1902-3	...	...	37,153,978

There has been a drop in the bulk barrels brewed for the year ending March 31st, 1904, but that year is not dealt with in the book.

Q.

Foundations of Sociology. • By E. A. Ross, Ph.D., Professor of Sociology in the University of Nebraska. (New York : Macmillan Company, 1905. Pp. xiv. + 410.)

PROFESSOR ROSS, whose essay on "Social Control" is not the least interesting of recent contributions to sociological literature, has here brought together a number of studies illustrative of the conception and methods of Sociology as it exists. The author admits, what his studies sufficiently indicate, that "an authoritative body of social theory exists at present as aspiration rather than fact"; but he has no misgivings as to the future of sociology; "there is a vacant chair among the great sciences, and sooner or later that chair will be filled." Nor does he disguise the aims and pretensions of the sociology that is to be. "It aspires to nothing less than the suzerainty of the special social sciences. It expects them to surrender their autonomy and become dependencies, nay, even provinces, of sociology." Such claims, the author admits, would carry little authority, "unless there are the best of reasons for founding a comprehensive science of social phenomena." Such a reason is found in the "sympathetic connections between things"—in "the cross-relations between different social phenomena of different orders." On the other

hand, the recognition of "the interdependence of dissimilar social facts" is quite compatible with the recognition of their relative independence. There are degrees of independence—economics, "the greatest of the social sciences, being (save linguistics) the most independent"—the degree depending on the extent to which any set of facts has "an independent rootage in unsocialised desire." "The social economy that is sequel to the universal pursuit of gain is beautifully law-abiding, and presents a well-defined field for the science of economics. But when economics comes to treat of the consumption of wealth, it becomes vague and quickly loses itself in sociology."

Professor Ross returns to the relation between economics and sociology in an essay on "The Sociological Frontier of Economics." Attention is drawn to the social factors in the movement of population, in the hours of labour, and in consumption; it is shown that the economist in these and other questions "is sometimes led to push his inquiries over into an adjoining tract of knowledge, that covers human action, and yet is not jurisprudence or ethics or political science," but—sociology. Other studies, such as those on "The Social Forces" and "The Factors of Social Change," involve consideration of economic phenomena; but, unfortunately, Professor Ross has omitted from his interesting survey of "Recent Tendencies in Economics" the section dealing with "Economic Determinism," on the somewhat insufficient ground that it had been already treated by Professor Seligman in his "Economic Interpretation of History." In this essay, however, and elsewhere Professor Ross criticises Loria's development and exaggeration of Marx; and his criticism of the *Klassenkampf* theory is particularly pertinent and effective. The collective title which Professor Ross has given to a number of occasional essays hardly does justice to the tentative and heuristic character of these contributions to a science of Sociology; they are really pioneer studies, and their value lies much more in what they suggest than in what they accomplish. Moreover, they are characterised throughout by thoughtful and critical observation—a feature not always conspicuous in sociological literature. These studies are, in fact, an unusually favourable specimen of their kind; if the author does not altogether avoid the vagueness—the inevitable vagueness, perhaps—of his subject, he is an excellent critic of vagueness in others. The credentials of "Sociology" would carry more weight if all its prophets were as undogmatic and unpretending as the author of this volume.

SIDNEY BALL

The Socialist Library. I.—Socialism and Positive Science. By ENRICO FERRI, Professor of Penal Law in the University of Rome. Translated by EDITH C. HARVEY. (London: Independent Labour Party, 1905. Pp. xiii. + 174.)

THE object of the "Socialist Library" is to provide English readers with a Socialist literature "more exhaustive and systematic than pamphlets or newspaper articles." Such a literature exists, the prospectus informs us, in every other country where the Socialist movement is vigorous, "and owing to it Socialism has taken a firmer hold upon the intellectual classes and amongst Socialists themselves." No more representative type of militant and systematic Socialism could have been chosen than the volume in which Professor Ferri, the well-known Deputy and Criminologist, endeavours to indicate, and "nearly always by means of rapid and summary observations, the general relations between contemporary Socialism and the trend of scientific thought." To Professor Ferri, "a convinced follower of Darwin and Spencer," Marxian socialism is "only the practical and fruitful complement in social life of that modern scientific revolution, which, inaugurated several centuries back by the revival of the experimental method in all the branches of human knowledge, has triumphed in our days, thanks to the labours of Charles Darwin and Herbert Spencer."

Thus, Virchow was more discerning than Hæckel in apprehending the socialistic applications of Darwinism, and Herbert Spencer builded better than he knew. Professor Ferri develops this thesis with considerable ability and effectiveness. He finds no difficulty in showing that there is no essential incompatibility between Darwinism and the scientific as distinguished from the Utopian or sentimental form of Socialism, and incidentally makes short work of certain standing misconceptions of Socialist doctrine. It is, for instance, "not accurate to state that Socialism asks for all citizens material and positive equality of work and possessions"; it does not demand more than equality of opportunity. Just as it has struggled in the past for civic and religious equality, "to-day society struggles for economic equality, not for an absolute material equality," and the achievement of economic equality will, in its turn, give place to "new struggles for new ideals." Thus the struggle for existence is a law inseparable from life, and consequently from humanity itself; but "whilst remaining an immanent and continuous law, it is transformed by degrees in its extent, and is attenuated in its forms." More-

over, "beside it we find a law whose action is progressively more efficacious in social evolution, the law of solidarity or of co-operation among living beings." Thus Socialism (to quote the editor's summary of the Professor's argument) "is nought but Darwinism economised, made definite, become an intellectual policy, applied to the conditions of human society." It is noticeable that Professor Ferri applies the conception of evolution to Socialism itself. "The formula of collectivism [*i.e.*, "to each according to his work"] only represents one phase of social evolution, a period of individual discipline which must necessarily precede communism"—a point of view which he finds adumbrated in Spencer's conception of an ideal society.

But this is not the place for a detailed exposition or discussion of the ideas involved in Professor Ferri's presentation of the "scientific" case for Socialism—Socialism, that is, in the sense of "a continuous socialisation of economic life, and, through it, of juridical, moral, and political life." Professor Ferri seems at times to be more "Marxian" than Marx himself. On the other hand, he does not for his present purposes insist too much on the "technical theory of surplus-value"—though he clearly accepts it in some form or other. The two other Marxian theories or "laws" on which he lays more stress are those which historians of Socialism, according to our author, have conspired to neglect—"the determination of social phenomena and institutions by economic conditions, and the struggle of the classes." The first theory, he thinks, must be delivered from "a species of exclusive dogmatism, which it has assumed in Marx, and still more in M. Loria." Of the "great historic law of the class-struggle" he speaks, on the other hand, with unmeasured enthusiasm. It is the theory by which Marx "has really dissipated the clouds which obscured till now the heaven of Socialist aspirations, and which has furnished to scientific Socialism the political compass for steering itself with complete assurance in the contentions of the life of every day."

It is certainly a merit of Professor Ferri's statement of Socialism that he puts the issues with so much directness and significance. Whether the tendency of things is to exaggerate or "attenuate" the class-struggle is another question, and one on which our author might have thrown more light with advantage. It should be noticed that Professor Ferri makes good use of his studies in social criminology. "No part of this present study," as the editor justly observes, "is more suggestive than the frequent discussions which it contains upon the social nature of

crime, its connection with the characteristics of the various stages in social evolution, and the limits within which it can be cured by better economic arrangements." The editor adds some further remarks, from the less dogmatic standpoint of the "British Socialist," on Professor Ferri's attitude towards religion and marriage. The series which this volume inaugurates promises to be both interesting and instructive, and will doubtless find attentive readers in other than Socialist circles.

SIDNEY BALL

Principes de la Science des Finances. By F. S. NITTI. Traduction Française de J. Chamard de *Principi di Scienza delle Finanze.* With Preface by A. Wahl. (Paris : Giard and Brière, 1904. Pp. xxviii. + 749.)

PROFESSOR NITTI's compact treatise on the science of Finance has been translated into Russian, and now into French. The translation appears to be done in a satisfactory manner, generally speaking, but the footnote on page 125 (p. 140 of the original) needs revision so far as the reference to "Prof. A. Marschall [*sic*] *Essays on Finance*," is concerned. Two misprints and an error in fact are too much for a single line. Nothing need be added to what was said of the original Italian edition (*ECONOMIC JOURNAL*, Vol. XIII., p. 399). The preface in which M. Wahl introduces the book to French readers is noticeable as supplying a very clear statement of the views of those who believe in an independent "Science of Finance." The strictures on A. Smith's rules are hardly justified.

C. F. BASTABLE

La Statistique: ses difficultés, ses procédés, ses résultats. Par ANDRÉ LIESSE, Professeur d'Economie industrielle et de Statistique au Conservatoire national des Arts et Métiers. (Paris : Guillaumin et Cie, et Alcan, 1905. Pp. viii. + 182. 8vo. Prix 2fr. 50c.)

THIS is an elementary introduction to the study of statistics, containing, in a bright and readable form, a description of its scope and aims, with careful warnings as to its difficulties. It seems intended rather for the general reader than for the serious student; the former is likely to obtain an adequate idea of the difficulty of establishing conclusions on the basis of statistical data, but the latter will not find the necessary rules for obtaining

positive results. A few of the main problems of statistics are described, and the ideas connected with the names of Quetelet, Süssmilch, and others described. There is a useful chapter on averages, and a suggestive discussion of the measurement of the symptoms of commercial crises. There are many omissions—index numbers, for example, do not seem to be mentioned—and there is no description of the field covered by mathematical methods of investigation.

A. L. BOWLEY

Schutzzoll und Freihandel. By DR. RICHARD SCHÜLLER.
(Vienna : F. Tempsky.)

THIS work is an ambitious attempt to find a theoretical basis for genuine Protection; a permanent basis, independent of military and political arguments for self-sufficiency; the "infancy" of industries, and all those other arguments which are applicable only at certain times and in certain places.

Dr. Schüller makes the best of his case, and impresses the reader favourably by producing a systematic and carefully argued scheme of policy. There is less of that vagueness that so frequently characterises works written in defence of Protection. We are not left under the impression that if the premisses are accepted they must involve the conclusion that all imports that compete with home industries should be rigidly prohibited. If we accept the author's fundamental hypothesis, his conclusions as to the tariff policy suitable for the various conditions of different countries must also be accepted.

The book opens with an exposition of the laws of value, after the Austrian manner—the law of diminishing returns and the determination of price by the equalising of supply and demand, illustrated by lists of prices and quantities, but no diagrams such as are found in Marshall and other English works. The effect of opening trade between two countries is shown in the same way, practically what Cunyngame shows by his neat diagrams back to back,¹ only Dr. Schüller has lists of figures.

The significant point is that in agriculture the law of diminishing returns is more pronounced than in manufactures; or, as the author puts it, the difference between the most efficient and the least efficient producers is greater in agriculture. In manufacture there may be a difference of only 10 per cent. or less, so that if foreign goods are offered only 10 per cent. cheaper than the

¹ Geometrical Political Economy, p. 85.

price of the home-made article, they may destroy the home industry entirely; and it might be that a very small fall of price, and consequently a very small advantage to consumers, would cause a great loss of employment to producers.

Against the contention of Free Traders that the displaced workers will go into other trades the argument is negative—that there is no reason for supposing that they can, or, at any rate, that they can get other work nearly as good. There is always, as a matter of fact, a certain amount of labour and capital unemployed, so the Free Trader cannot appeal to any general principle that existing productive powers must get employed.

The argument that increased imports must imply increased exports, and consequently increased production in some other trades, can be met if we admit the possibility of the workers, displaced by the imports, remaining unemployed. Their loss of purchasing power causes a falling-off of demand for various commodities, and in consequence these commodities are exported. There need be no greater production, then, in other trades. What used to be sent to certain producers in the home-country in exchange for what they made is now sent to foreigners. There need, then, be little or no movement of gold or fall of general prices.

Free Traders will not deny that this might represent the state of the case for a short period if a tariff were suddenly abolished; but for longer periods one cannot admit a state of unemployment for any large body of workers. To take a case: suppose there is no difference at all between the best and the worst situated workers, and foreign goods are offered at 5 per cent. less than existing home prices. There are two possible results. Either the home producers cannot see their way to finding other markets for their goods or other employment that will give them at least 95 per cent. of their former wage, in which case they cut their wages and profits so as to meet the foreign competition. In that case importation ceases, and every penny lost by the producers is saved to the consumers. Or, on the other hand, the producers may, in course of time, see their way to getting more than 95 per cent. of their former wages and profits in other businesses; and in that case they lose less than 5 per cent., and there is a net gain on the whole.

Of course, in practice, this does not work smoothly. People cannot always tell whether a "cut" in prices is likely to be permanent or not, and workmen may refuse to accept an unavoidable reduction of wages, even though they have no alter-

native occupation immediately visible. Their obstinacy may compel employers to shut down works occasionally, but on the whole they do not kill the goose that lays the golden eggs.

A writer in a country where wages are low and industries have been built up under the shelter of a tariff, can hardly help being unduly influenced by the short-period view of the effect of a sudden abolition of the tariff. Loss, concentrated on a few, might well outweigh a greater money gain diffused amongst many. In Austria, too, it might be more necessary than in most countries to take into consideration the possibility that in case of a sudden depression in trade, due to foreign competition, the workers might "keep their trade and change their country." But these considerations are not sufficient foundation for a general system of Protection as a steady policy for generations.

It is to be feared that Dr. Schüller, in spite of his apparently clear grasp of economic theory, must be classed with the mystics when he discusses the balance of trade. He argues, with some truth, that the ratio of benefit to consumers to loss to producers is more favourable in the case of agricultural and "raw" imports than in the case of manufactures, and in this he finds a natural explanation of the excess of imports of industrial countries. Apart from interest on capital invested abroad, earnings of shipping, &c., an excess of imports is to be expected, as a kind of set-off to the fact that the imports are not so damaging as those of a country importing manufactures. The "agrarstaat," on the other hand, as compensation for the damaging nature of its imports, has the consolation of an excess of exports. We hope there is no injustice to Dr. Schüller in this attempt to paraphrase pages 236-238. Elsewhere he seems to recognise the ordinary theory of equivalence of exports and imports. When one disagrees with fundamentals it is not worth while to discuss details. It will easily be seen that with the premises given a system of tariff policy must follow. Dr. Schüller works out the consequences with great industry and thoroughness. This work is the most complete and systematic exposition of the principles of Protection which we have come across, and puts into intelligible language ideas which are commonly held, but in a vague and only semi-articulate way. Nevertheless, Free Traders in this country are likely to remain unconvinced, because they do not admit the fundamental axiom that the import of competitive goods can, excepting temporarily, cause greater loss to producers than gain to consumers.

Welt-Zuckerindustrie (Fiskalische Vorzugsbehandlung, Kartelle) und Internationales und Koloniales Recht. Von WILHELM KAUFMANN. (Berlin : F. Siemenroth. 1904. Pp. xvi. + 612. Price 12m.)

HERR KAUFMANN'S comprehensive work opens with a historical survey in which the colonial aspect is prominent. At the close of the "pact" era a double blow befell the West Indian planter—the loss of preferential treatment from home and the new rivalry from the Continent. "Emancipation" also worked to the detriment of those who squandered the compensation money in profitless investments. Far-reaching consequences followed the "release of the temperate zone from the cane-sugar monopoly of the torrid zone," the former in its turn eventually establishing by highly artificial methods, and at the cost of national impoverishment, a more or less complete monopoly for beet-sugar. The story of the bounty *régime* is a narrative of fiscal needs and blunders, and of industrial warfare carried to extremes. It shows the extent to which fiscal measures can control industrial movements.

Two sets of sharply opposed interests appeared—between producers State-aided and those not so aided; also between consumers and producers acting through cartels. Herr Kaufmann appreciates the practical difficulty of Great Britain's position, but conceives it to have rested partly on a narrow view of its interests, and ultimately on an economic fallacy. There is a great danger, he says, that the consumer when threatened by a foreign monopoly will be swayed by "momentary interests." In reality, the justice of the consumer's claims is in so far diminished as it is based on benefits artificially and temporarily conceded rather than on permanent and natural guarantees. The best security for constant supplies and stable prices is free development of all the sources of production. Thus, in the long run, the interests of the British consumer and of the West Indian planter are identical.

Pending an international settlement of the question, single States, notably United States and British India, retaliated by means of countervailing duties, justifying their action on the ground that they were only intercepting for their treasuries the moneys taken from the foreign taxpayer to provide the bounties, and that resulting prices were no higher than if bounties were abolished. Such individual action, however, could only be undertaken by States not primarily interested in export, and was not likely to effect a radical cure of the evil. Herr Kaufmann, who

deplores the costliness of tariff wars, does not consider Great Britain would have been justified in making independent reprisals in view of the enormous sacrifices involved in a struggle with the cartels. Far better, he thinks, to reduce coercion to a minimum and to secure abolition of the bounties by friendly negotiation, merely holding the tariff weapon in reserve in case of any nations electing to continue the unfair competition. For the producing nations joint action was imperative, since no single State could afford to give up its bounties without an assurance that bounty-fed goods would be penalised in the common markets. In view, therefore, of the close economic interdependence of the interests involved, an international settlement appeared the only feasible and just solution of the problem.

But any extension of the sphere of international control inevitably leads to "collision of rights." The author consequently proceeds to examine whether there is ground for alleging incompatibility of the special provisions of the Brussels Sugar Convention (1902) with the m.-f.-n. clause in pre-existing commercial treaties. The objection has been answered in several ways. It has been retorted, for instance, in reply to Russia's protest, that the "equality of rights," mutually conceded in m.-f.-n. clauses, signifies "identity of treatment under similar conditions." By granting bounties a country deliberately destroys this equality. Hence a refusal to countervail bounties is an injustice to other nations who refrain from bounties, and to whom m.-f.-n. treatment has also been accorded; for it creates a differential duty in fact, though not in name, against their goods. Or, according to United States logists, lower duties conceded to a State not giving bounties can only be claimed by a third, in virtue of m.-f.-n. treatment, if it also desists from bounties. Otherwise, the protection of native industry allowed under m.-f.-n. clauses is rendered nugatory, and countervailing duties are a necessary defence.

Herr Kaufmann occupies a more general position. He upholds the penal and m.-f.-n. clauses of the Brussels Convention on the ground that "character and import," not "seniority," are the determining factors in establishing "priority of rights." The significance of the Brussels Convention lies in the legal superiority, over quasi-private treaties, of an international contract creating a common interest, to which the national and territorial interests of the separate parties are subordinated. By such surrender the contracting states have, for a special purpose, constituted themselves a new political entity with specially deter-

mined rights and obligations. It is because of the deeper interests bound up with this body that precedence is claimed for its relations over the "purely reciprocal individual relations" established by commercial treaties. States which have not so agreed to surrender their private rights cannot claim advantages which are but the correlative of definite duties undertaken by the members of the "*Gemeinschaft*."

Further discussion takes the author into more general fields of inquiry into which we have not space to follow him here, and he concludes, with some emphasis, on the necessity of a revised conception of the theory of international rights as it affects modern developments in trade and industry.

The book is a serious contribution to the literature of a difficult subject, and is calculated to make one dissatisfied with the somewhat perfunctory treatment the problem has received at our hands.

E. COZENS COOKE

Versicherungswesen. By ALFRED MANES, LL.D., Ph.D., General Secretary of the *Deutscher Verein für Versicherungs-Wissenschaft* of Berlin. (Leipzig: B. G. Teubner. 1905.)

THE author of this volume is disposed to think that it may most fittingly be described as a treatise on "Insurance Economy." The work being one of a series of Handbooks of Trade and Industry, the system laid down for the whole series necessarily confines Dr. Manes to what he describes as "a popular matter-of-fact but systematic exposition in which the actual conditions of practice are treated from the standpoint of scientific research." The result is an account of insurance both exhaustive and intelligible to the general reader, and one in which the subject is presented from historical, economical, and technical points of view. The first part of the book deals with insurance in general, apart from its various ramifications, these being severally described in a second division of the volume. The evolution of insurance is traced from the earliest known evidences of it, and sections follow on its modern development and economical significance. The statistics which the author brings together of its spread in the various civilised countries of the globe—Japan and the Balkan States not being omitted—afford striking illustration of the multiplication and growth of provident institutions of this nature during the nineteenth century. Under the general heading of the Organisation of Insurance, Dr. Manes discusses the questions to which the competition of the State, or of local autho-

rities, with independent insurance institutions, gives rise. In this connection he does not omit to mention, on the one hand, "the exceedingly bad results which England has attained by means of the Government Insurance Department established by Gladstone," and, on the other, the New Zealand Government Insurance Department—regarding the uninterrupted success of which latter, however, no statement is made. In his pages on State Regulation of Insurance in Germany and other countries, on *Versicherungspolitik* and on *Versicherungsfinanzpolitik*, as elsewhere, Dr. Manes writes from such a fund of information, and so learnedly, that we miss a reference to one important result which has followed recent legislation in Germany, viz., the complete withdrawal of the British life offices, as competitors for new insurances, from that country. In addition to England, Dr. Manes mentions only Holland, Belgium, Spain, and Portugal as lacking State control of insurance. But of the Scandinavian countries Norway also still remains a field open to English life offices, though the draft of a law similar to that of Denmark has been under consideration in Christiania since 1895.

Dr. Manes' treatise will very adequately fulfil the purposes for which it was designed. It is a mine of instructive and interesting information, much of which is thus made available for the first time.

Attention should be called to a mistake on page 80, where the system of the Equitable Society is incorrectly defined. The section on the "Literature of Insurance Science" might perhaps contain a reference to the *Institute of Actuaries' Text-Book*, the principal part of which has been translated into both French and German. And elsewhere "*der Unterricht bei dem Londoner Institut*" hardly meets with complete appreciation at Dr. Manes' hands.

F. COLENZO

NOTES AND MEMORANDA

THE REPORT OF THE TARIFF COMMISSION.¹

AGAIN, as in Volume I., the Tariff Commission presents us with an excellent collection of figures. The secretary is to be congratulated on the comparative exhaustiveness of the survey made under his direction and the arrangement of the material obtained. However, there are some noticeable gaps in the statistical evidence, and many objections, as it seems to the reviewer, to the conclusions drawn from it. On the whole, the tone of the report is unduly alarmist.

The cotton trade, we are told, is comparatively stationary, if it is not actually declining, but a more critical examination of statistics than is made by the Tariff Commission should dispel this view. The quantity of export of yarns expressed in weight, for instance, is no criterion at all of the magnitude of the export of yarns at different times, since there is no doubt that the average fineness of exported yarns has risen considerably. If exported yarns were given in length instead of in weight, there would probably appear to be no decline at all before 1900. And length is a much better measure, since the finer yarns are the more valuable.

Of the quantities of sewing cotton exported, the Tariff Commission makes no separate mention, though they have advanced considerably (from 11·6 million lbs. in 1876-80 to 29 million lbs. in 1896-1900, and 34·3 million lbs. in 1903), even when expressed in the unfavourable standard of weight. Exports of fabrics are given in yards, and their yardage has moved steadily upwards (from 3,647 million yards in 1876-80, to 5,140·9 million yards in 1896-1900, and 5,361·1 in 1901-4). Moreover, the improvement in this trade is greater than these figures seem to indicate, since the advance has taken place exclusively in the more expensive goods—between 1889 and 1904, not at all in greys, which declined 11 per

¹ Vol. 2. *The Textile Trades. Part I. The Cotton Industry, with Appendix* (P. S. King and Son, Westminster).

cent., but primarily in dyed goods and goods made of dyed yarns (69 per cent.), secondarily, in bleached goods (80 per cent.), and, thirdly, in prints (10 per cent.). The figures showing this are not quoted by the Tariff Commission. Again, when we turn to values, we find that the value of the dyed goods per piece has been gaining upon the value per unit of the other classes, and that a significant improvement is noticeable in the export of "hosiery, lace, and patent net, and unenumerated goods."

It is true that the change in the character of our trade was put before the Tariff Commission in evidence, and that use is made of this evidence. It is regrettable, we are told, that the more difficult trade in mixed goods, fancies and novelties has, in some degree, been taking the place of the old trade in plain goods. But why? The trade is more remunerative to all concerned, and if it call for more energetic and discriminative action on the part of employers, it is a good thing for the general level of efficiency among our *entrepreneurs*. It tends to become only a trade in patterns, we are told, owing to foreign imitation when we succeed in hitting an extensive demand; nevertheless, this trade has grown steadily and considerably. Our competing power in this trade is less, we are told, because we cannot make for stock. Again, why? Our competitors must be in exactly the same position, for they cannot make for stock either.

The Tariff Commission appears to lay most emphasis on the money measure of changes in our trade. But they drop no hint throughout the whole of their lengthy report of changes in the value of money. This is particularly unfortunate, since their figures start almost invariably in 1876-80, when the average index number (Sauerbeck's) was 89 to 90, from which it dropped almost continuously to 61, and, after rising to 75 in 1900, fell immediately to a level about 69 or 70. If allowance be made for these changes in the value of money, the aspect of the figures advanced by the Tariff Commission is extraordinarily changed. Thus, take the following table of the value of our total exports of cotton goods in million £'s with and without reduction by index numbers:—

YARN AND SEWING COTTON.			OTHER COTTON MANUFACTURES.	
		Purchasing power at general prices of 1876-80.		Purchasing power at general prices of 1876-80.
1876-80.....	14·3	14·3	54·2	54·2
1881-5	15·5	17·4	58·8	65·6
1886-90	14·6	18·8	56·9	72
1891-5	12·8	17·2	53·6	71
1896-1900.....	12·5	17·0	54·7	73·7
1901-4	11·8	15·2	66·7	85·7

It should be added that an average for 1901-4 (which is usually given in the report before us) is most unsuitable, because the price of cotton, which had been high in and after 1900, was exceptionally high in 1903 and 1904. The figures of export are, therefore, unduly raised by the high price of the raw material in them, and unduly depressed through the high prices checking demand. The former error is corrected by the Tariff Commission, which calculates the net value of the several exports (the results are approximate only), but the second error remains.

Reference to the capital sunk in the cotton industry lends no support to the tariff reformers' pessimism. Spindles and looms have increased steadily, as the following figures witness :—

	Million Spindles.	Thousand Looms.
1874.....	37·5	463·1
1878	39·5	514·9
1885.....	40·1	561·0
1890	40·5	615·7
1903.....	43·9	683·6

Probably four million spindles at least have been added since. It is true that doubling spindles have diminished, but the total of spindles is still left increasing, and there is no dispute about the enormous improvements of late in the productive efficiency of the doubling spindle. They are so great that the output from our doubling spindles has probably advanced 35 per cent. in the last twenty-five years. It must be borne in mind, moreover, that the efficiency of ordinary spindles and looms has been by no means stationary. The Tariff Commission concludes from calculations as to consumption of yarn per loom that the productive-ness of the loom has been stationary on the whole, but this conclusion is necessitated because it has been overlooked that a constant consumption in pounds means an increased consumption in length, and that we now make a larger proportion of the goods which are produced slowly.

The chief item of telling evidence which the Tariff Commission has discovered is the fall in the number of operatives between 1891 and 1901. Had they, however, analysed the figures they would have found that no falling off in labour power could be alleged if the most moderate allowances were made for the differences between the productive power of adults, young people, children, and half-timers. The diminution in the number of half-timers has been noticeable in the Lancashire cotton industry for some time, and it is a topic frequently discussed. Again, the relation between the movements in labour power and in the number of spindles and looms forces us to a welcome conclusion, which

the Tariff Commission does not draw, that the efficiency of our industry, as measured by the output per head, has not ceased to augment.

But suppose the Tariff Commission had demonstrated that the quantity of capital and labour in the cotton industry was declining they would not have proved that operatives or capitalists in this industry were in any distress. An industry to which no new labour and capital is attracted would shrink at an appreciable and increasing rate, owing to the death or retirement of the workers in it and the wearing out of plant, even if no capable hands were thrown out of work and no capital was wasted. To keep the rate of decline above this rate, and *a fortiori* to keep the magnitude of the industry stationary in respect of the labour or capital in it, the wages or profits, as the case might be, earned in the industry could not be much below the normal level. The Tariff Commission cannot prove that wages or profits are abnormally low in the great Lancashire industry; and they cannot prove either that changes in the proportions of different kinds of work done has caused either an unusual number of hands to lose employment, without being able to find suitable work in substitution in the same industry, or an unusual rate of removal of machinery.

The Tariff Commission dwells upon the greater rate of growth of the exports of cotton goods from certain other countries than from Great Britain. But they do not point out what proportion of these exports from foreign countries proceed to the colonies of the exporting countries, and they do not draw attention to the magnitudes of the increases, in respect of which the United Kingdom leads far ahead. Thus they say that while our export of cotton goods has increased 25 per cent. between 1891-5 and 1902, that

- “(1) From Germany has increased by 66·5 per cent.
(2) From Holland has increased by 10·2 per cent.
(3) From France has increased by 66·9 per cent.
(4) From Switzerland has increased by 29·9 per cent.
(5) From Italy has more than trebled, and
(6) From all the ‘protected countries’ has increased by £15,781,000, or 66 per cent.” (§ 54).

But the different sizes of the foreign trades of the countries compared render the use of percentages unsuitable. Absolute increases are more important if the object of the figures is to show the relative successes of different countries in their competition with one another in the world markets. And though

a country with a large industry to begin with is more likely to get the lion's share of new trade than a country with a small industry, on the whole perhaps, the country which is just developing its industry has its advantages. At first its industry should grow rapidly, for its goods proceed first to the places in which the conditions favouring their acceptance are the most obvious. It is when the obvious lines of trade are exhausted that growths of trade are procured only with effort. Stated beneath are some calculations from the table put forward by the Tariff Commission, showing the absolute increases of trade of the countries mentioned, and their shares of the total trade done by all of them together and of its increase, but instead of using 1902 to represent the present state of affairs, I have averaged 1901 and 1902.

EXPORTS OF COTTON MANUFACTURES, EXCLUSIVE OF YARNS.

	Thousand £'s.			Percentage of increased trade secured by each country.	Share of total trade in 1901-2.
	1891-5.	1901-2.	Absolute increase.		
Germany.....	7,800	11,900	4,100	19	12
Holland	2,800	3,000	200	1	3
Belgium	900	1,250	350	1.5	1.5
France	4,200	7,050	2,850	13	7
Switzerland.....	4,500	5,700	1,200	5.5	6
Italy	560	2,050	1,500	7	2
United States.....	2,600	5,850	3,250	15	6
Total	23,360	36,800	13,450	62	37.5
United Kingdom (exclusive of both yarns and sewing cotton)	53,600	61,770	8,170	38	62.5
Grand Total	76,960	98,570	21,620	100	100

Roughly speaking, we secured more than a third, and twice as much as any other country, of the increased total export trade done by the chief cotton exporting countries between 1891-5 and 1901-2, and in the latter period we still held nearly two-thirds of the export trade.

The Tariff Commission warns us that foreign competition is thrusting out English cotton goods. We provide to-day a much smaller proportion of the cotton goods consumed in the leading protective countries than we used to do—naturally, their policy having been to foster their own industries—and now we are

being put to considerable inconvenience in neutral markets, colonial markets, and even in the home market but in a much less degree. The last statement need not be examined; the Commission does not press it; and everybody connected with the cotton trade knows that there is no continuous foreign competition in England to speak of in plain goods. It does sometimes occur that our stocks get depleted and we procure temporary supplies from abroad, even of goods that we can make cheaper ourselves, and the effect is beneficial to all concerned, generally speaking. Nevertheless, our imports of cotton goods are fairly large—roughly one-twelfth of our exports—but they are chiefly specialities in which the exporting countries excel, or orders of a special character which certain foreign producers lay themselves out to meet. The competition in the world markets, when it is viewed in the right proportion, is as little alarming. Our trade grows and we still hold the lion's share of the trade of the world. Moreover, except for American successes in pushing coarse and lightly sized goods recently, the competition is felt chiefly in fancies, novelties and hosiery.

Many will be puzzled to know how it could possibly be shown that the cotton industry would benefit from tariff reform. The difficult case of the cotton industry is dealt with in the present report with remarkable ingenuity. Four promises are held out:—

(1) Enormous expansion of our trade with the Colonies as a result of colonial preference.

(2) Enlarged home trade owing to the purchasing power of the country being enhanced by Protection, and the home market now supplied by foreigners being retained for English producers.

(3) The beating down of foreign tariffs on British cottons by bargaining.

(4) The scale of our production being enlarged for the reasons already enumerated, still more trade owing to our competing power being enhanced by the enlargement of our output. It will be well to scrutinise these offers *seriatim*.

Absolutely no figures are given in the report of the proportion of cottons taken from the United Kingdom by the British Colonies and Possessions, and some tariff reformers perhaps will be astonished when they see what the figures actually reveal. The best comment on the first promise is the table appended, which has been constructed from the official publications of the places mentioned.

IMPORTS OF ALL COTTON GOODS.

	Cape of Good Hope 1903.	New Zealand 1903.	Australia 1903.	Canada 1903.	India, average of 5 years end- ing 1902-3.
	£	£	£	£	£
Total	1,750,000	557,000	2,482,000	1,728,000	19,981,000
From United King- dom	1,543,000	510,000	2,298,000	1,189,000	19,100,000
From all other countries	207,000	47,000	184,000	539,000 ¹	881,000

¹ £368,800 from the United States.

Probably the foreign exports of cotton goods for consumption in our Colonies and Possessions do not exceed £2,500,000. In the hopes of securing this, we are asked to endanger a trade (the export trade to foreign countries) that was worth nearly £50,000,000 in 1903.

"Of all markets, those in British Colonies and Possessions are the most important, and show the greatest increase" it is written in the report of the Tariff Commission. But these markets are not so large as foreign markets, and the former are only proved to have grown faster, as Mr. Emmott has pointed out in *The Speaker*, by the trade for 1901-3 being compared with that of 1892-4, when importations into India (our most important "Colonial" market by far) were seriously impeded by currency difficulties.

No attempt is made to prove in this report that real incomes as a whole will be raised by Protection, and none of the arguments advanced elsewhere have convinced the majority of Englishmen. With these remarks we must dismiss promise (2).

Promise (3) leads whole-hearted devotees of tariff reform into labyrinths of difficulties. If the adoption of a tariff to bargain with leaves more trade between us and foreign countries, the advantages of preference to the Colonies will inevitably be sacrificed, since foreign countries would not be able to enlarge greatly their exports to us of goods different from those exported in appreciable quantities from the Colonies. And it is very unlikely that the adoption of a tariff to bargain with would lead to more free trade. The chances, therefore, in view of experience and the preferential side of the tariff reform proposed, are that our trade with foreign countries will be restricted. Indeed the protective element in the scheme involves that it should be restricted. Now our exports being

restricted, the Lancashire cotton industry, which is said to export 80 per cent. of its product, must suffer. If it does not, restriction will be concentrated on other industries, and, "political competition being substituted for economic competition," the other industries would prevent the state of affairs continuing, which *ceteris paribus* would be most unfair. For the loss of trade with foreign countries, full compensation in increased trade with the Colonies cannot reasonably be expected, as has already been demonstrated. Besides it must be remembered that the protection of other industries would probably raise appreciably our cost of production in relation to that in countries with which we are competing to-day. Their protection now indirectly protects neutral markets for us to a large extent.

Then promise (4) falls to the ground since our output would be reduced rather than increased. But suppose the output were increased, the advantages promised under (4) are problematical. It has to be proved that if we make more cotton goods, other countries still making large quantities, we shall enjoy some "increasing returns" in which the other countries cannot share.

The proof dealt with above of how the British cotton industry will benefit from tariff reform, does not appear to me to be even plausible. Whatever might happen to other industries from the proposed tariff reform, I feel no hesitation in concluding that it would mean the ruin of Lancashire—of its cotton industry, and to a large extent of the industries subserving it.

S. J. CHAPMAN

THE FRUIT INDUSTRY OF GREAT BRITAIN.

AN interesting report has been presented by the Departmental Committee appointed by the Board of Agriculture to inquire into this subject. Besides examining a great number of witnesses, including fruit-growers from different districts, salesmen from some of the chief distributing centres, land agents, officials of the Board of Trade, and representatives of certain associations, railway companies, and the jam industry, the committee visited some of the most important fruit districts of the country.

In summing-up the results of their investigations, the committee first notice the great increase that has taken place in the acreage of fruit. The area of orchards in Great Britain, according to the Agricultural Returns, has increased from 148,221 acres in 1873 to 243,008 acres in 1904, showing a difference of 63·9

per cent. in thirty-one years. As to small fruit, partly grown separately and partly between orchard trees, the figures were not considered trustworthy before 1897, when the return was 69,792 acres. In 1904 it was 77,947 acres, making the increase in seven years 11·7 per cent. It is pointed out that these areas do not include fruit grown on holdings of less than one acre, which are not covered by the Agricultural Returns; nor do they include trees grown in hedgerows, as damsons are extensively in a few districts. Bearing in mind the fact that fruit is grown in hundreds of thousands of private gardens and allotments, and in thousands of small orchards attached to gentlemen's residences and farmhouses outside the fruit and cider districts, it seems probable that the total acreage is at least double that which is included in the official publication. The increase is attributed by the committee to a great growth in the demand for fresh and preserved fruit and jam in the country, a conclusion supported by the evidence of many witnesses.

A point was made in obtaining the views of growers, salesmen, and jam manufacturers as to the desirability of a further expansion of the fruit area. As was to be expected, the evidence on this point was conflicting; but the majority of the witnesses expressed the opinion that extension might take place with advantage, though this opinion, in many instances, was made conditional upon a better and more economical system of fruit distribution, or upon an absence of increase in foreign supplies. Upon the former point there is a great deal to be said, and attention will be given to it presently. As to the latter, a few witnesses entertained the idea that if more British fruit were grown, it would, by its superiority, exclude much of the foreign supply. This result, however, apart from a fiscal policy which was not in question, could only be attained by underselling the foreigners, which may be regarded as quite impracticable. Whatever increase in the consumption of fruit may take place, foreign producers will have their share of the trade. Much of their fruit is ripe before that which is grown in this country, enabling them, as home growers complain, to "take the cream off the market." Some of the largest growers declared that the industry might be easily overdone, and two extensive owners of glasshouse nurseries said that their branch was so already. The committee conclude that "if certain difficulties and drawbacks are removed, fruit-growing may progress as rapidly in the future as it has in the past."

It is a pity that the "certain difficulties and drawbacks" are

not defined. The committee have made no fewer than forty recommendations, and it would be interesting to know how many of them they consider necessary to the profitable extension of fruit-growing. Unfortunately, they have entirely ignored the drawback to success in fruit production which is of greater importance than all other disadvantages—the badness of our system of distribution. Apart from a brief reference to the desirability of more markets in the Metropolis, and extended markets in some provincial towns, and a still briefer reference to co-operation in fruit selling, they have nothing whatever to say about the distribution of fruit.

There is no doubt that fruit-growing might be largely extended with advantage to all concerned, if it were not for the enormous difference between the prices paid by consumers and those received by producers, commonly 100 per cent., and not seldom twice or three times as much. Last autumn, for example, tons of excellent cooking apples were sold by growers at less than a penny a pound, while fruit of no better quality was ticketed at 3*d.* to 4*d.* a pound in fruiterers' shops. Tomatoes, sold wholesale at 2*d.*, are usually retailed at 6*d.* per pound, and grapes which make 6*d.* to 9*d.* are sold to consumers at 1*s.* to 1*s.* 6*d.* These are only a few out of numerous examples that might be given, and it is to be borne in mind that salesmen's commission, railway charges, and other expenses have to be deducted from wholesale prices in order to get at the amounts paid to growers.

Fruiterers prefer a small trade with a high profit to a large trade with a small profit, because the latter would greatly increase their expenses in wages and horse-keep. But, by the high prices which they charge, they greatly reduce the demand for fruit, and thus create an artificial glut in the markets, whenever any kind of fruit is even moderately plentiful. The glut enables them to keep on buying at low rates, and thus they maintain what may be described as a vicious circle. This, however, is not the only grievance of the grower in relation to the ordinary system of marketing. Unless he has a stand in a market, or sells his fruit directly to shopkeepers or by retail to householders—methods of disposal not sufficient for any but a small producer—the grower must consign his produce to a commission salesman, who sells it by private contract to retail fruiterers, returning what he thinks proper. The producer has no check upon the honesty of the salesman, and has no evidence to show whether he receives what his fruit makes in the wholesale market, less commission and other legitimate expenses. His

only course is to select his salesmen as carefully as possible, and to trust them blindly.

Could a worse system of marketing be imagined? Growers are thoroughly dissatisfied with it, as well they may be, and they complain about it bitterly in private conversation. Yet those of them who were examined by the committee neglected a favourable opportunity of calling attention to the subject.

It may be said that fruit-growers should co-operate to sell their own produce. In a few districts they are trying to do so; but the difficulties are great, especially in relation to soft fruit, which must be distributed with the greatest possible despatch. Besides, a co-operative society employing their own salesmen need some check upon the proceedings of those agents equally with growers who send fruit to ordinary commission salesmen. If the committee had gone into the subject thoroughly, they might possibly have been able to suggest some feasible method of checking the returns of salesmen, to be made compulsory by law.

In the great towns of the Midlands and the North there are fruit and vegetable markets in which consumers may buy directly from producers. In the South these are not common, and in many cases where they have been started they have not succeeded. Housekeepers of the middle class, at least in London and its suburbs and most other southern towns, will not take the trouble to go to a market. Greengrocers and fruiterers send to them for orders every morning, and afterwards deliver what they require, often only a trifling quantity. This expensive system of supplying householders is the excuse which retailers have for the high prices they charge; and thus it comes to pass that more gross profit is received by men who handle fruit for a day than by those who have spent a year in producing it. Indeed, it may safely be said that railway companies, salesmen, and retailers together take at least two-thirds of the amount paid for fruit by consumers.

Ever since Mr. Gladstone recommended farmers to go in for jam, as corn-growing did not pay, fruit-growing has been "boomed" unmercifully, and the committee appear to have felt bound to join in the cry for increased planting. As a rule, nothing but harm comes from whipping-up any branch of business in this fashion. No one thinks of urging men to become grocers or drapers, tinkers or tailors; it is only in business affairs connected with the land that outsiders consider themselves capable of instructing insiders. Most of the recommendations of the committee are calculated to lead up to an expansion of the fruit area

in Great Britain, although they have ignored the supreme hindrance to success in the fruit-growing industry.

In considering the difficulties and drawbacks of the industry, the committee put insufficiency of knowledge in relation to varieties, the character of the soil, the effects of manuring, pruning, and the general treatment of trees, diseases and insect pests, packing, and grading in the first place. Land tenure, in reference to the lack of security to tenants, comes next, and then attention is directed to taxation and railway grievances, foreign competition and hostile foreign tariffs, the insufficient inspection of fruit, the difficulty of obtaining labour, the insufficiency of markets and other market grievances, the ravages of birds, and the effect of the rise in the price of sugar upon the jam industry. These were the points raised by witnesses, but the committee decided at the beginning of their work to leave the fiscal question alone, and the worst of railway grievances—preferential rates on imported fruit—they left for the consideration of a committee appointed to consider the subject of preference generally. They have made some valuable proposals of an educational character, such as the creation of a sub-Department of the Board of Agriculture, divided into a bureau of information and an experimental fruit farm; also horticultural instruction in rural elementary schools and in training colleges. To improve the security of tenants who plant fruit, they would have the Market Gardeners' Compensation Act amended, so that it will be distinctly retrospective, as it was intended to be, though the intention was annulled by a judgment of the Supreme Court. Further, they suggest that when a tenant gives notice to quit his holding, if he has planted fruit, he should not be entitled to compensation unless he presents to his landlord a successor who will take over his improvements, and the landlord refuses to accept the man as a tenant. Presumably, if the landlord gave notice, he would have to pay, though this is not stated. The plan of obtaining compensation from a succeeding tenant is the Evesham custom, which has worked remarkably well. It is a kind of voluntary "free sale," and it relieves landlords of the need of paying heavy sums to outgoing tenants, which would be extremely inconvenient in many cases. Moreover, it has the merit of making the planting tenant responsible for the character of his work and after attention, as he will be paid for results, according to market value, and the uncertainty of valuation is avoided.

To assist landlords who are short of money, State loans to enable them to pay compensation for fruit planting are proposed ;

while to enable men to plant with the full security of the ownership of land, State loans to assist tenants in purchasing small holdings are also recommended. In the latter case, the State would be helping to set men up in business to compete with those who are struggling to make fruit farms pay by means of their own capital, which would be a great injustice, and not within the legitimate functions of the State.

Taxation abuses, and particularly the custom of raising a farmer's assessment for rates on land planted with fruit before there has been time for it to become profitable, are well treated. There are also some good suggestions concerning railway transport and rates. Other recommendations relate to the inspection of imported nursery stock and fruit, the modification of rural bye-laws to allow of the construction of cheap cottages, the increase and extension of markets, the establishment of co-operative societies for the sale of fruit and other purposes, and some details relating to the employment of boys in the fruit-picking season, wild birds destructive of fruit, and some such trivial matters as the labelling of jam made from imported fruit, and the publication of statistics of fruit condemned as unfit for food.

On the whole, there is so much that is excellent in the report that the omission of reference to the most important of all the subjects affecting the interests of fruit-growers is all the more to be regretted.

WILLIAM E. BEAR

JEVONS'S ECONOMIC WORK.¹

THE long awaited publication of Jevons's posthumous and fragmentary treatise on the principles of Economics naturally suggests considerations on the general character and effect of his economic work. His application of Mathematics to Economics was no accident, but stood in close relation to the general cast of his mind and scheme of his constructive thought. It was the same impulse that impelled him to contrive his logic machine, to attempt to ground the principles of science on the doctrine of chances, to look for the source of commercial crises in the supposed cycle of meteorological phenomena of which the spots on the sun were an indication, and to apply the principles of the differential calculus to the theory of value. In all these instances

¹ *The Principles of Economics*. By W. S. Jevons. Edited with a preface by Henry Higgs. (London: Macmillan and Co. 1905. Pp. xxxviii, 273.)

Jevons laid himself open to a superficial charge of materialism (in Comte's sense of attempting to treat the higher sciences by the methods of the lower), and in none of them was the charge justified. What Jevons did was not to degrade the higher sciences to mere applications of the lower, but to erect a hierarchy of science, not in name, but in fact, by actually building the higher on the assured basis of the lower, and ascertaining what elements in it could be, so to speak, precipitated, and rendered amenable to the exacter treatment which they evaded when held in rhetorical or metaphysical solution. For example, Aristotle's rules for the syllogism are just as mechanical as Jevons's machine, and the mediæval *barbara celarent* are as much a logical abacus as Jevons's keyboard and pulleys are. But Jevons fully and clearly recognised the mechanical nature of the process, and consequently perfected its mechanism. By an odd linguistic error he called his logic machine a "logical" machine, as though the machine itself were logical and could reason; but, as a matter of fact, he showed with the most perfect cogency that whereas the formulation of the premisses is the all important process, and is in no sense mechanical, yet when once they are formulated they can be manipulated mechanically, and all their implications rendered explicit without chance of error or omission, if the mechanism is rendered perfect. If it is not, the process will be no less mechanical but will be more liable to error. It will be worked by bad mechanics, but still by mechanics.

In precisely the same way, when Jevons recognised the quantitative nature of certain fundamental conceptions of Economics, and specifically that exchange value is, in the limit, the first differential co-efficient of value in use, he was rescuing from rhetorical and metaphysical treatment that portion of the subject which is *de facto* mathematical, and which must be treated either by explicit and accurate, or by loose and disguised mathematical methods. He was not, according to the vulgar reproach, attempting to treat the infinite complexity of human wants and impulses as if they could be dealt with by the *a priori* and deductive methods of pure mathematics. On the contrary, no man was more profoundly convinced of the necessity of wide and patient inductive researches in economic science, and no man brought subtler psychological analysis to bear upon its problems than did he; only he recognised that, when a certain class of abstract economic propositions are once made, being essentially mathematical in their character, they rigidly involve or exclude certain other propositions; and if their mathematical character is recognised, then

we can make sure that we have lost nothing and inserted nothing on the road when we pass from the premisses to the conclusions. Here, as in the mechanism of Logic, you eliminate a source of error by the introduction of mathematical methods, but you can get nothing out at the end that you did not implicitly insert at the beginning, and what you insert can seldom be got by mathematics. It may indeed be true (and probably is) that Jevons hoped by the aid of statistics to obtain a larger number of exact formulæ than are ever likely to be actually secured, and that he, therefore, over-estimated the extent to which mathematics can penetrate the body of Economic Science. But if so, this was a mistaken estimate, not a mistake of principle. He was right in declaring that certain fundamental relations and conceptions in the theory of political economy are essentially mathematical, and that the only question is whether they are to be treated by sound or by unsound mathematics.

Now Jevons himself was convinced that the recognition of this fact involved a revolution. In June, 1860, he wrote to his brother: "I have fortunately struck out what I have no doubt is the *true Theory of Economy*, so thoroughgoing and consistent, that I cannot now read other books on the subject without indignation." He became more and more convinced as years went on that his discovery was destined to reconstruct the study "on a sensible basis," and that, after the work of Ricardo and Mill, economists were called upon "to pick up the fragments of a shattered science and to start anew."

To readers of the ECONOMIC JOURNAL it is unnecessary to explain in detail what Jevons's "discovery" was. It was, of course, what he himself described as the principle of "final utility," and what may now be more broadly stated as the principle of variations in marginal significance. He was convinced, as we have seen, that this would revolutionise at any rate the abstract portion of economic theory; and now, a full generation after the publication in 1871 of the *Theory of Political Economy*, we have to ask whether the revolution has taken, or is taking place. It is clear to the careful reader of Jevons that the universal application of the theory of margins was rather felt by him as a presentiment than carried out and realised in its details. But the generation of economists that has followed him, especially in Austria and in America, whether directly inspired by his own work, or following out the parallel lines of other investigators, has done much towards carrying out his principles to their legitimate results. Under their analysis the conception

of cost of production is being reduced from a position co-ordinate with that of marginal utilities to a secondary manifestation of that principle itself; and the whole group of laws of distribution has been, or is being, reduced to a variety of applications of the one principle of shifting marginal efficacies. But, on the other hand, parallel to this stream of thought there has flowed and flows another, of which we are far more effectively conscious in England. The school of economists of which Professor Marshall is the illustrious head may be regarded from the point of view of the thorough-going Jevonian as a school of apologists. It accepts, indeed, and applauds the Jevonian principles, but declares that, so far from being revolutionary, they merely supplement, clarify, and elucidate the theories they profess to destroy. To scholars of this school the admission into the science of the renovated study of consumption leaves the study of production comparatively unaffected. As a determining factor of normal prices, cost of production is co-ordinate with the schedule of demands registered on the "demand curve." And, however modified, the old distinctive categories of rent, interest, and earnings, still hold their place in the forefront of the study of distribution.

Such being the position of economic thought, one naturally turns to Jevons's posthumous work to learn, in the first place, whether the author had made any essential advance in his own apprehension of the significance of his principles, and in the second place whether he makes any essentially fresh contribution to the controversy itself, at the stage to which three and twenty years of arguments and investigations have now brought it. Broadly speaking, I think that both of these questions must be answered in the negative. But on the other hand, there is hardly a paragraph in the whole of this fragment which can be thought of as superseded, refuted, or rendered superfluous by the regrettable delay which has so long withheld it from the public.

Let us at least be thankful that we possess it at last. We cannot afford to lose even a fragment of the work of Jevons, and though his special mathematical method is not here pursued, yet the characteristics of his mind are everywhere manifest. His keenness of observation, his boldness and freedom from prejudice, his interest in out of the way economic facts (such as the oscillation of cinders between small positive and small negative values, and his ingenious and humorous parallel between these same cinders in Manchester and wives in the Babylonian market), his wide and curious reading, and, lastly, his belief that all evil economic influences were incarnate in John Stuart Mill, all com-

bine to make the man live again in these pages; and the very fact that the work is fragmentary, if it robs it of the weight of a finished and systematic utterance, gives it something the charm of conversation.

The volume also contains reprints of the remarkable essay on Richard Cantillon, of an essay on the future of Political Economy, and of a highly interesting and stimulating pamphlet on Lowe's proposed and abandoned match tax, from which last may be culled the following characteristic psychological observation: "Many of the stamp duties, though really exceedingly troublesome, are patiently borne, because they become associated with agreeable incidents, such as the receipt of money, the completion of important business, the conferring of authority, &c."

It can hardly be said that the explanations or apologies in the preface succeed in justifying the long delay in the issue of this volume; but it would be ungracious not to add that everything which affectionate reverence can do to present this final volume in a satisfactory form has been done by the patience, industry and acumen of the editor. We are thankful to have on our shelves at last the "complete works" of one of the most powerful, bold, and original thinkers that have devoted themselves to economic science.

PHILIP H. WICKSTEED

PROFESSOR DIETZEL ON DUMPING AND RETALIATION.

IN the March number of the ECONOMIC JOURNAL an article on "Free Trade and the Labour Market" appeared over the distinguished name of Professor Dietzel. The same writer has contributed to the discussion of another side of our fiscal problem a little book entitled *Vergeltungszölle* (reviewed by Professor Edgeworth in the December issue of the JOURNAL). My purpose in the following note is, not to discuss these contributions in general, but to take up a few points in which I venture to think that Professor Dietzel's arguments are unsatisfactory. The criticisms that I shall offer are made from the standpoint of cordial agreement with his broad conclusions.

I.

In the first place, I shall consider some points from the article in the ECONOMIC JOURNAL. Professor Dietzel's main

problem was to determine the comparative effects of Free Trade and moderate Protection upon the stability of the labour market. If we make abstraction both of the possibility that commodities may be sold in the different trading countries at prices differing otherwise than by the mere cost of carriage, and also of all forms of combination and monopoly, there is no cause for quarrel with his general argument. Under these conditions, Free Trade tends to equalise and steady industry. The Professor's reasoning to that effect is enforced by an illuminating reference to the history of the English corn-laws. Its substance may be distilled into the proposition that, when many sources of demand and supply are connected, the range through which either composite curve oscillates is likely to be less than that traversed by any particular component member.

This broad argument is, of course, indisputable. Professor Dietzel's treatment is, however, less satisfactory when the circumstances of which abstraction has so far been made are re-introduced.

(A) First, consider the effect of surplus dumping from a foreign country. Under this head, the argument which the Free Trader has to meet is that import duties render the nation imposing them less liable to dumping of this kind, and hence *pro tanto* augment stability. Except in regard to duties high enough to be prohibitive, Professor Dietzel rejects this argument. In opposition to it he writes as follows: "Suppose that England imposes a duty of 10 per cent. on iron, then Belgium in future will produce and export less for England than hitherto; but if, as a result of over-production in Belgium there is a fall of prices in Belgium, then an extra quantity of goods will be sent to England, and, consequently, the English iron trade will be disturbed. A moderate system of Protection affords no security that the floods due to over-production in other countries will not wash away the tariff wall" (p. 2). Since, moreover, the price in the country with a 10 per cent. duty will be normally 10 per cent. higher than elsewhere, the foreign dumper will have just as strong an inducement to send his surplus there as to send it to a Free Trade country. He will "spread the supply over different countries . . . the danger of dumping will be *exactly* equal in the Protectionist and in the Free Trade country" (p. 3).

This reply involves, it will be observed, two propositions; first, that the erection of a 10 per cent. tariff in England will not affect the *magnitude* of the total surpluses which occur from time to time in the foreign country; and secondly, that it will

not affect the *distribution* of those surpluses among the markets of the world. Both of these propositions are, I think, open to dispute.

For the purpose of the argument I assume that we are dealing with a commodity in whose manufacture *prime cost* is of small importance relatively to *supplementary cost*. Under these circumstances, where dumping abroad can be undertaken without the fear of reimportation, the total output at any time may be regarded as determined by the plant that has been laid down in *anticipation* of a given aggregate demand, and not as in any way affected by occasional failures of the domestic part of that demand to come up to the manufacturers' expectations. The difference between the amount actually sold at home at any time and the amount for the supply of which preparations have been made constitutes, from a short period standpoint, a dumping surplus. The first question that we have to decide is whether the existence of a 10 per cent. import duty in England can have any effect upon the magnitude of this surplus.

Provided that the presence or absence of the duty has no influence upon the export trade that the foreign country carries on in *normal* times, the negative answer which Professor Dietzel implies is, I think, correct. If, however, in consequence of the duty, the foreign country's normal export trade is, either directly or indirectly, rendered smaller than it would otherwise be, the case is different. For then the scale on which it conducts the industry as a whole is contracted. Consequently, the normal price and normal consumption in the home market *may*, and, to some extent probably *will*, be affected. With this change of circumstances, the tacit understandings, in conformity with which producers refrain from spoiling the home market, are not likely to work out exactly as before. It is hardly to be expected that the magnitude of the dumping surpluses that occur from time to time will remain wholly unaffected.

The above result is, it may indeed be argued, of very slight importance in ordinary circumstances. It contributes a theoretical qualification to Professor Dietzel's first proposition, but not one that will often prove quantitatively significant. The criticism to which the second proposition implied in his reasoning seems to be exposed is, however, of greater practical interest. That proposition was to the effect that the distribution of the foreign surplus as between England and other countries would not be affected by the presence of an import duty at the ports of one of them—or, in other words, that the danger of

surplus dumping is the same for a Protectionist as for a Free Trade country. This, however, is not the case, except on the hypothesis, not contemplated by Professor Dietzel, that the duty is *specific*. If the duty is *ad valorem*, the danger is not the same, but is greater for the Protectionist than for the Free Trade country. For, suppose that the duty is 10 per cent., and that the foreigner in normal times exports some of the commodity in question to both countries. Then the normal price in the Protectionist country will, apart from cost of carriage, exceed that in the other by 10 per cent. Consequently, by reducing the price that he actually receives from sales in the Protectionist country by 5 per cent., the foreigner causes the amount of the tax he has to pay to fall, and so can reduce his selling price there by more than 5 per cent. In the Free Trade country, on the other hand, his selling price can only be reduced by the same amount as his receipts price. Hence, for a like sacrifice of receipts price, he can reduce selling price more in the Protectionist than in the Free Trade country, and so, other things equal, can dispose of a larger part of his surplus there.¹

(B) Secondly, Professor Dietzel fails to take account of the

¹ The original source of the above proposition (for which, as it stands, I am, of course, alone responsible) was, if my recollection serves, a reported *obiter dictum* of Professor Marshall's. The proposition can be represented symbolically, from a slightly different point of view, as follows:—

Let the demand of two countries A and B be $y = \phi_1 p$ and $y = \phi_2 p$ respectively. Let the home supply for short periods be regarded as fixed.

First, let there be no tax in either, and let the normal price in each be P_1 .

Then any *small* surplus in a third country will be dumped into A and B in a proportion approximating to $\phi_1' P_1 : \phi_2' P_1$.

Secondly, let there be an import duty in B, represented by ψp , where p is the price after the tax has been paid. In consequence of this, B's demand for the foreign import before the tax has been paid becomes

$$y = \phi_2 [p - \psi p].$$

Let the normal price in both A and B, apart from the tax, be $P_2 - \psi P_2$.

Then any *small* surplus in the third country will be dumped into A and B respectively in a proportion approximating to $(1 - \psi' P_2) \phi_1' (P_2 - \psi P_2) : \phi_2' P_2$.

If the tax is specific at a rate t , this proportion becomes $\phi_1' (P_2 - t) : \phi_2' P_2$.

Provided, therefore, that $\frac{\phi_1' P_1}{\phi_1' (P_2 - t)} = \frac{\phi_2' P_1}{\phi_2' P_2}$, the proportion in which the surplus is dumped into the two countries is unaltered by the presence of the tax.

If, however, the tax is *ad valorem* at $\frac{1}{n}$ th part of the price, the proportion becomes

$$\left(1 - \frac{1}{n}\right) \phi_1' \left(P_2 - \frac{1}{n} P_2\right) : \phi_2' P_2$$

Hence, when $\frac{1}{n} P_2 = t$, provided, as before, that $\frac{\phi_1' P_1}{\phi_1' (P_2 - t)} = \frac{\phi_2' P_1}{\phi_2' P_2}$, the proportionate amount dumped into B relatively to A is increased by the presence of a tax in B.

Mr. J. M. Keynes, scholar of King's College, Cambridge, has very kindly revised the mathematics of this and the following note.

steadying effect of Protection so far as it encourages dumping from the Protected country in bad times. There can be no doubt that Protection, by checking re-imports, makes this policy easier than it would otherwise be, both for competitive and for combined industries. It is equally clear that the provision of an effective means for the disposal of surplus exercises upon these industries a steadying influence similar in kind to that created by the practice of "making for stock." It is conceivable that in certain cases this steadying influence might outweigh the disturbing influences of Protection.

(C) Lastly, Professor Dietzel's argument neglects the causal connection which exists in some degree between Protection and Combination. In proving that, *ceteris paribus*, a Free Trade competitive country will enjoy more stability than a Protectionist competitive country, he has not proved that it will enjoy more than a Protectionist country dominated by Kartels. So far, however, as Protection involves Kartels, the latter is the really relevant question.

No doubt, in practice, the liability to disruption which experience shows to exist among combinations of producers gives ground enough for refusing to Kartellisation the credit of any net contribution to stability. For pure theory, however, abstraction must be made of these disruptive tendencies. When that is done, it is found that analysis does not warrant any general answer to the above question.

In order to show this, compare two countries, both shut off from foreign trade, and only differing in that, in the one, industry is competitive and, in the other, monopolised. It can then be proved that the percentage variation in output caused by a given oscillation of the supply-curve of any industry *may* be greater under competition than under monopoly.¹ A similar argument

¹ This proposition can be proved as follows:

Let the demand function be $y = \phi x$, the supply function, representing quantities and prices which yield normal profits, $y = f(x)$. Let the supply curve swing vertically upwards through a distance t . Let x_1, x_2, x_3, x_4 be the amounts supplied respectively, before the oscillation under competition, after the oscillation under competition, before the oscillation under monopoly, after the oscillation under monopoly.

Then $x_1 \equiv$ root of $\phi x - fx = 0$ (I).

$x_2 \equiv$,, $\phi x - fx - t = 0$ (II).

$x_3 \equiv$,, $\phi x - fx + x\{\phi'x - f'x\} = 0$. . (III).

$x_4 \equiv$,, $\phi x - fx - t + x\{\phi'x - f'x\} = 0$. (IV).

The percentage fluctuation of output under competition = $\frac{x_1 - x_2}{x_1} \times 100$, under monopoly = $\frac{x_3 - x_4}{x_3} \times 100$.

holds good of oscillations of demand. Hence, for either kind of oscillation, the percentage fluctuation of industry *may* be greater under competition than under monopoly.

Next, let the condition of isolation from foreign trade be removed in the case of the competitive country, but retained in that of the other by the influence of its customs duties. Under these circumstances the aggregate supply-curve of any commodity in the competitive country is likely, on the average, in accordance with a well-known principle, to oscillate less widely than it would do under conditions of isolation. Hence, *ceteris paribus* the percentage fluctuation in the amount of commodity available for consumption, and, consequently, in industrial conditions generally, will be less than it would be under those conditions. It is, however, impossible to prove that the excess of stability under competition *plus* Free Trade, as compared with competition *plus* isolation, is always and necessarily greater than the excess of instability which *may* occur under competition *plus* isolation as compared with monopoly *plus* isolation. Hence, when and in so far as Protection involves monopoly, it may conceivably mean greater and not less stability than Free Trade.

The problem is to determine whether $\frac{x_1 - x_2}{x_1} > \frac{x_3 - x_4}{x_3}$;

i.e., whether $\frac{x_1 - x_2}{x_1} \times \frac{x_3}{x_3 - x_4} > 1$.

As a first approximation, $x_1 - x_2 = -t \frac{1}{\phi'x_1 - f'x_1}$.

$$x_3 - x_4 = -t \frac{1}{2(\phi'x_3 - f'x_3) + x_3(\phi''x_3 - f''x_3)}$$

$$\begin{aligned} \therefore \frac{x_1 - x_2}{x_1} \times \frac{x_3}{x_3 - x_4} &= \frac{x_3 \{ 2(\phi'x_3 - f'x_3) + x_3(\phi''x_3 - f''x_3) \}}{x_1(\phi'x_1 - f'x_1)} \end{aligned}$$

This expression may be written

$$\frac{x_3 \{ 2\psi'x_3 + x_3\psi''x_3 \}}{x_1\psi'x_1}$$

In order to stable equilibrium, $\psi'x_1$ is necessarily negative.

As the second differential of a maximum expression, $\{2\psi'x_3 + x_3\psi''x_3\}$ is necessarily negative.

Put $x_1 = x_3 + k$, k being a finite quantity, not necessarily small relatively to x_3 .

By expansion, the expression becomes

$$\left\{ x_3 + k \right\} \left\{ \psi'x_3 + k\psi''x_3 + \frac{k^2}{1 \cdot 2} \psi'''x_3 + \dots \right\}.$$

It is clear that the form of ψ *may* be such that the denominator of this expression becomes a small, while the numerator remains a large negative quantity.

\therefore the value of the whole expression may be > 1 .

(If both supply and demand curves are straight lines, it is evidently equal to 1).

II.

I now turn to Professor Dietzel's *Vergeltungszölle*. In that work, amid much that is admirable, there is an important proposition which ought not to pass unchallenged. Professor Dietzel maintains that, whenever a retaliatory duty causes injury to the country which is attacked, it must necessarily cause injury to the attacking country also. I wish to urge that this proposition, though perhaps generally, is not universally, true, and that the argument behind it is only legitimate in a special case. .

Professor Dietzel's reasoning is as follows. Country A imposes a tax on an import from B and so raises its price in A. From this either of two results may follow :—

(1) The consumption of B's commodity in A and throughout the world remains unchanged :

(2) The consumption is diminished in A, and therefore also, though not necessarily to an equal extent, throughout the world.

It is only on the second hypothesis, says Professor Dietzel, that B suffers.¹ The injury inflicted upon that country consists in the enforced idleness of a part of the capital and labour that has been specialised to the taxed industry. This injury is a real one, but—and this is the point—there always corresponds to it an enforced idleness, which may be greater or less according to circumstances, in those of A's industries which use the taxed import as a raw material, or which manufacture the exports with which that import has hitherto been purchased (p. 31).

This reasoning appears to me adequate in the special case of a retaliatory duty sufficient in amount to exclude B's product from A altogether. So far, however, as that product continues to be imported, it is necessary to take account of the fact that, while the whole of the tax collected upon it goes to A's treasury, only a part is paid by the inhabitants of A. When reckoning is made of the contribution levied from the foreigner it results, in opposition to Professor Dietzel's view, that B *may* suffer even on hypothesis (i) when the consumption of its commodity in A is unchanged, and that A (considered as a whole) need not suffer on hypothesis (ii) when its consumption of B's commodity is diminished.

¹ Professor Dietzel holds that on the first hypothesis (as well as on the second), A suffers in that its consumers, having to pay more for the import, have less to spend on native products. This, however, will not in general be the case since the extra price paid on the import goes in taxes to the Treasury, and enables an equivalent amount of other taxes to be remitted. Whatever suffering there is will be due to the diversion of consumption into less economical routes.

It is possible that Professor Dietzel has this objection in view when he says that in the long run import duties are wholly borne by the consumers (pp. 19 and 30). This proposition, however, even if true, would not help him. For retaliatory duties differ from protective or revenue duties just in this—that they are essentially temporary. Indeed, if this were not the case, their effect in throwing capital and labour out of work could not reasonably be treated, as Professor Dietzel and others are in some cases agreed in treating it, as their main effect; since, in the long run, of course, this effect corrects itself and disappears. We are not, therefore, concerned with what happens in the long run. The incidence relevant to the present problem is incidence over a period insufficient to allow capital and labour to readjust themselves to the new conditions. In a short period of this kind a large part of the burden of a new tax is almost certain to fall on the quasi-rent of those whose capital and skill are invested in the taxed industry. Hence, Professor Dietzel's reasoning somewhat exaggerates the egoistic argument against retaliatory duties.

Finally, it may be noticed (1) that the extent of the injury (*i.e.* real sacrifice) inflicted upon either country depends, not merely upon the magnitude of the material loss caused to it, but also upon the wealth of the particular persons on whom the loss falls; and (2) that, in consequence of differences in temperament and so forth, the country which, in a tariff conflict, suffers the greater injury will not necessarily be the one to yield. For these reasons, while agreeing with Professor Dietzel that the adoption of an active retaliatory policy by England at the present time would be practically unwise, I hold that, so far as pure theory is concerned, the case against such a policy is less decisive than he is inclined to suppose.

A. C. PIGOU

THE GERMAN WORKMEN'S SECRETARIATES.

ONE of the most striking evidences of that solidarity and class consciousness of which the German Socialist party so justifiably boasts is the system of Workmen's Secretariates which during the past ten or twelve years has sprung up, under its nurturing care, throughout the whole Empire. Though so recent in origin these agencies are doing for labour a work the utility and value

of which cannot easily be estimated. In some respects the German Workmen's Secretariates correspond to the Swiss institution, bearing the same name, which has existed since 1887, and it is fair to conclude that the suggestion was taken from the novel conception of the Swiss Working-men's Federation, yet in several vital characteristics the two institutions are quite dissimilar. It is the primary object of the German Secretariates to give advice upon all the laws which specially concern the working classes, and above all the insurance laws (sickness, accident, and old age and invalidity), the factory laws, the sanitary laws, the laws governing the relations of landlord and tenant, of debtor and creditor, the laws on poor relief and maintenance, the occupation law (*Gewerbordnung*), the commercial law, the conciliation and arbitration laws, not to speak of administrative regulations and ordinances of every kind enforced by Empire, State, province, and municipality. With some of these laws the working man is continually brought into palpable contact, and oftentimes he is aware neither of his responsibilities to them nor of their obligations to him. Questions as to the bearing of these and other laws are answered, guidance as to the right way of securing the due operation of their provisions is furnished, complaints are heard, investigated, and advised upon in a judicial spirit; as far as is humanly possible, the law is stripped of its perplexity, and the path of the working-man who would do right by society and have society do right by him is made easy. But here the competence of the Workmen's Secretariates is not exhausted. They prepare opinions on points of industrial law and custom submitted to them. They draw up memorials, and formulate complaints at the instance of the Trade Unions or their Federations. They make arrangements for the elections of the Boards of Conciliation and the Courts of Industry. More important still, they mediate in wages disputes, and represent workpeople before certain of the industrial and legal tribunals. Some Workmen's Secretariates act as direct organisers of the Trade Unions. In South Germany, where the existence of more liberal franchise conditions than prevail in the North encourages the working classes to participate actively in the election of the State Diets, the Workmen's Secretariates undertake some of the functions which the political Registration Associations voluntarily impose upon themselves in this country; they see that the workers are duly entered upon the registers and are not, owing to their own ignorance or the indifference of officials, deprived of the vote. In another respect some of the Workmen's Secretariates offer an example which the

Trade Unions of England might widely follow with advantage, in that they do a really valuable work of investigation into labour and social questions, such as the questions of wages, the hours of work, housing, health and vital statistics, family enumerations, and household budgets.

Agencies of various kinds—like the Roman Catholic People's Bureaux and the Free Consultation Rooms of the Trade Unions and the Labour Press—had existed before, yet these earlier agencies had rather symptomised the workers' need than supplied it. The first Workmen's Secretariate of the German type was that founded at Nuremberg in 1894, after three years of preliminary work. It opened its doors with a general offer, not only to the organised working classes but to the townsfolk at large, to impart information gratuitously upon all questions of labour law, of civil and political right, in a word, upon every relationship in which citizens stand to each other, towards society, and towards the State. During the first year 6,839 inquirers sought advice or help, but by the year 1902 the number had increased to 17,707. From the first the experiment was a great success, and it was quickly imitated by other towns, until at the present time sixty of these Secretariates are in operation, and many more are contemplated. Everywhere they are maintained by the combined labour organisations of a town or district, which levy special contributions from their members for the purpose. Originally their basis was a very broad one, and their services were offered indiscriminately to the organised workers and the public generally. Gradually, however, a feeling has grown up unfavourable to the policy of the "open door," and some of the Secretariates now restrict their help to Trade Unionists or to persons "incapable of organisation," among whom are counted women generally, apprentices, and orphans.

As the Workmen's Secretariates are democratic institutions, democratic, too, are the method of election and the system of government. Whether chosen by open meeting of workers, by meeting of organised Trade Unionists, or by delegates of the local Trade Unions, after the manner of an English Trade Union Congress, the Secretary owes his office and his emoluments—which are never excessive—to the will of his past comrades of the mill, the forge, the workshop, and the mine. I say "former comrades" purposely, since most of the Secretaries have been manual toilers who first studied the social and industrial laws as voluntary workers in their political societies, as members of Insurance Committees, as officials of Trade Unions, or as

contributors to the Labour and Social Democratic Press, and who thus graduated through the school of experience.

A Workmen's Secretary is subject to an Executive or Supervisory Board (*Aufsichts-Commission*), consisting of from five to eleven members, and beyond this his duties and his action are regulated by the local statutes which every Federation of Trade Societies adopts for itself. To his Executive a Secretary is required at the end of each year to present an exhaustive report. The reports are not merely formal chronicles of calls received and subjects advised upon; they are intended to illustrate the working and application of the Industrial Laws, and by a profuse reference to leading cases to afford the working classes a key by means of which to comprehend these laws for themselves. In some cases the report is accompanied by studies upon special subjects of direct interest to the working classes. Thus the Frankfort Secretary has found time to write on the operation of the Accident Insurance Law, on the relation of the Guild workman to the modern labour movement, on the rights of illegitimate children, and on the Poor Law system.

It might be supposed that institutions like these, established in the interest of the working classes, encouraged a litigious spirit, and even tended to weaken respect for the law, by espousing the cause of labour without due regard for considerations of right and wrong. Such an assumption would be entirely unwarrantable. The Workmen's Secretary has no interest whatever in legal actions. On the contrary, he dislikes them; he knows them to be costly and uncertain, and even where necessary to be productive of bad blood. His business is to help defenceless men to their rights, and he wisely endeavours to do so by following the line of least resistance. "In all cases in which legal measures are hopeless," writes the Munich Secretary, "the inquirers are urgently advised to refrain from going to law." When, however, a man insists, in spite of warning, on appealing to the Courts, he is advised where and how to begin proceedings, and there the Workmen's Secretary stops. Furthermore, it is a general principle, which is scrupulously followed, to resolutely refuse advice or help of any kind where there is reason to suspect that an applicant wishes to evade legal obligations, whether towards relatives (as in case of parental maintenance or illegitimacy), towards creditors, or towards society at large in civil matters. It is noteworthy that many of the Workmen's Secretaries pay special attention to the welfare of illegitimate children,

and make it their earnest business to see that these are secured their full legal rights at the hands of those responsible.

An analysis of the returns of 32 Workmen's Secretariates for a recent year shows that 195,679 visitors were given advice on 197,927 subjects, distributed as follows :—

Subjects of Interrogation.	No. of times advice was given.	Percentage of the whole.
Civil law	57,595	29·1
Industrial insurance	56,571	28·6
Labour and service contract...	82,722	16·5
Communal and civil affairs ...	18,190	9·2
Penal law	14,448	7·3
Industrial matters	8,191	1·6
Labour movement	6,167	3·1
Miscellaneous	9,043	4·6

These figures give an average of 6,185 inquiries to every Secretariate, which is equal to twenty for every week-day throughout the whole year.

While the working classes entirely trust and profoundly esteem their Secretariates, the reception which these institutions have had at other hands has in general been fairly friendly. Many people who view with misgiving the industrial movement, because of the Socialism behind and below it, do not refuse to acknowledge the value of this effort of labour to assert and realise itself, and above all to applaud the spirit of self-help and self-reliance which has inspired it. Perhaps the best proof of success is the fact that since April 1, 1903, there has been established in Berlin a Central Workers' Secretariate—a representative organ both of the entire body of Trade Unions in the Empire, and of all the local Secretariates. It is maintained and controlled by the General Committee of the Trade Unions, and its services are at the disposal not only of the affiliated Secretariates, but of all organised workers without restriction. Its primary function is to "prepare the appeals which the Trade Unions have served upon the Imperial Insurance Bureau, and to provide for the verbal representation of these appeals in the proceedings before the Bureau." Other functions of the General Secretariate are to help the Trade Unions in all elections to Courts and Committees upon which the workers have representation under the Insurance Laws, and to watch the decisions of the various Courts and codify them, alike for the guidance of the provincial Secretariates and for the prevention of unnecessary litigation.

WILLIAM HARBUTT DAWSON

LETTER FROM JAPAN.

I.—*The Specie Reserve and the Note Circulation.*

As the result of excess of imports and of heavy disbursements abroad, the net efflux of gold and silver in 1904 and in the first two months of 1905 comes up to a little over 65,000,000 yen.

	Gold specie and bullion.	Silver specie and bullion.	Total.
	Yen.	Yen.	Yen.
Export	110,849,903	2,123,056	112,966,959
Import	17,809,184	29,441,149	47,250,333
Excess of export.....	93,034,119	—	—
Excess of import..	—	27,318,093	—
Net excess of export ...	—	—	65,716,026

This may appear somewhat significant, but it is an inevitable result of the excess of importation of goods, which is by no means due to regrettable causes. It may, however, be asked, does not the efflux of gold affect the gold reserve of the Bank of Japan? Thanks to the flotation of loans in England and America, and the increase of the output of gold mines in and around the country, the specie reserve, though not without temporary fluctuation, is now standing comparatively high, and the percentage of the specie reserve against notes is much stronger than before the outbreak of the war.

It is remarkable that if from the present total of notes of 224,855,000 yen, we subtract about 30,000,000 yen circulating outside of Japan, the sum total of notes is much less than before the beginning of the war.

To bring about such a result, which sufficiently proves the stability of the credit and currency, much caution, foresight, wisdom, and skill must be accredited to the financiers of the country.

II.—*The Financial Programme for 1905-6.*

The Budget for 1905-6 has been presented to and agreed upon by the Imperial Diet at its twenty-first session. After the presentation the Financial Bill was somewhat amended. But, as before, the Diet adopted the main lines as proposed by the Government, putting aside all party considerations, being solely guided by patriotic and loyal principles.

The Budget was promulgated in the *Official Gazette* of January 1st, 1905. Let us give first the general sketch of the financial programme.

GENERAL BUDGET¹ FOR 1905-6.

	Government proposal. Yen.	Amounts voted. Yen.
1. Revenue.....	304,363,998	(a) 304,333,988
2. Expenditure.....	211,544,379	210,524,436
3. Surplus	92,819,619	93,809,562
4. Undeprayed expenses in army and navy.....	30,649,792	31,149,792
Sum total of surplus and the above item	123,469,411	124,959,354

WAR BUDGET OF THE SECOND YEAR.

<i>Revenue.</i>		
Items.	Government proposal. Yen.	Amounts voted. Yen.
1. Surplus and undeprayed expenses of general account	123,469,411	124,959,354
2. Transferred from funds of special accounts	8,000,000	8,000,000
3. Increased taxation and salt monopoly	82,720,679	(b) 74,128,799
4. Loans	566,000,000	571,000,000
5. Contributions and miscellaneous.....	—	2,000,000
Total.....	780,190,090	780,088,153

<i>Expenditure.</i>		
	Government proposal. Yen.	Amounts voted. Yen.
1. War expenses	700,000,000	700,000,000
2. Reserve fund.....	80,000,000	80,000,000
Total.....	780,000,000	780,000,000

The item which forms the chief portion of 378,462,797² yen of revenue is taxation, the details of which are given below.

REVENUE FROM TAXATION.

	1903-4. Yen.	1904-5. Yen.	1905-6. Yen.
Land tax	46,845,971	70,782,184	82,284,112
Income tax	6,109,802	11,397,124	18,385,886
Business tax	6,604,003	11,640,202	18,153,478
Sake tax	63,805,207	63,983,691	63,099,780
Soy tax.....	3,328,499	4,467,451	5,149,768
Sugar tax.....	6,077,005	14,289,387	16,457,364
Drugs tax.....	116,976	116,976	215,487
Woven stuffs tax	—	2,183,661	2,183,602

¹ Besides, there was added a little over a million yen both in revenue and expenditure by the supplementary budget promulgated by *Official Gazette* of February 16th. It is omitted for the sake of simplicity.

² Being the sum total of (a) and (b).

REVENUE FROM TAXATION (*continued*).

	1903-4.	1904-5.	1905-6.
	Yen.	Yen.	Yen.
Mining tax	774,091	853,206	2,320,810
Exchanges tax	1,087,180	1,620,026	1,848,271
Convertible note tax	1,145,416	1,145,416	997,202
Customs duties ..	17,200,031	19,536,062	23,981,013
Tonnage dues	336,353	336,353	393,038
Stamp duties	14,304,951	17,928,268	29,464,115 ¹
Communication tax	—	—	3,188,180
Succession duties	—	—	4,309,596
Salt monopoly ²	—	—	16,289,667
Kerosene consumption tax ...	—	1,238,599	—
Total.....	167,735,492	221,473,606	288,671,869

Revenues from sources other than taxation are as follows :—

REVENUE FROM PUBLIC UNDERTAKINGS AND STATE PROPERTY.

	Yen.
Post and telegraph services	25,712,310
Forests	3,165,999
Tobacco monopoly	32,011,072
Railways	10,467,712
Other revenues.....	2,755,800
Interest on deposits	4,290,833
Transferred from sinking fund of Formosan Public Works Loan	1,742,595
Miscellaneous ..	2,209,870
Total	82,356,191

The rest is made up by extraordinary revenue derived from following sources :—

	Yen.
Proceeds from sales	745,503
Local contributions to expenses incurred by the State for the benefit of prefectures	833,308
Chinese indemnity transferred ..	72,347
Forestry fund transferred	550,967
Short loans.....	1,600,000
Carried over from preceding year	112,060
Other miscellaneous revenues	8,521,052
Total.....	7,435,237

As for the expenditure of the General Budget, it is appropriated in the following way :—

¹ Sudden increase of stamp duties comes from the inclusion of woven stuffs tax which is raised by means of stamps.

² Belongs to "Revenue from public undertakings and State property," but for convenience it is given here, as it is a new impost.

ORDINARY EXPENDITURE.

	Yen.
Imperial household	8,000,000
Foreign affairs	2,338,463
Home affairs	9,302,002
Finance—	
National debt charges	35,883,964
Other various expenses	26,912,066
Army	39,495,746
Navy.....	23,955,265
Justice	10,178,694
Education	4,638,225
Agriculture and commerce	2,743,625
Communications	20,612,772
Total.....	179,060,822

EXTRAORDINARY EXPENDITURE.

	Yen.
Foreign affairs	25,625
Home affairs	3,219,481
Finance	5,806,138
Army	1,019,727
Navy.....	10,204,701
Justice	65,221
Education	519,311
Agriculture and commerce	3,731,855
Communications	6,871,555
Total.....	31,463,614
Grand total.....	210,524,436

When we compare this with 280,332,000 yen of the total expenditure of General Budget for the fiscal year 1904, a great decrease is evident, proving that the Government is eager for retrenchment.

As for taxation it is evident that the increase is by no means slight, being an addition of 136,000,000 yen within two years. This fact, coupled with the raising of 380,000,000 yen of exchequer bonds, may seem at first sight rather hard upon the people. But no grumbling is heard about taxes, nor does the burden seem to be too heavy. The explanation of this is not hard to find. Every Japanese subject is eager to sacrifice his last penny for the war, and also he was not too heavily taxed before. That no suffering is to be observed, and that loans are over-subscribed many times without any effect on savings, loans by banks, &c., are the proofs of the above statement. Considering these facts, it is quite safe and justifiable to say that if nothing extraordinary happens, the State and the people can withstand the war hereafter without much hardship and difficulty, just as they have borne it so well and smoothly hitherto.

III.—*New Economic Legislation.*

The Japanese Government, while it is engaged in the biggest war in the annals of the world, is eager to give facilities for productive enterprises, and to look after general industry, so that the burdens of war may cause no harm to the general economic progress of the country. Moreover, the Government is striving hard to carry out the "open door" policy for foreign capital.

Many economic measures were made the subject of discussion in the Diet, such as laws to amend the Mortgage Bank Act, Hokkaido Colonial Bank Act, Postal Savings Act, &c. But among others it may be useful to mention the following five:—

1. Law of Mortgage Debenture Trust.

By this law mortgage debentures may be issued, according to the agreement between a trust company and a company which issues debentures. Securities are (a) pledge of movable property; (b) pledge of documentary obligations; (c) mortgages of immovables; (d) mortgages of ships; (e) mortgages of railways; (f) mortgages of factories; (g) mortgages of mines. When debentures are to be issued, a trust company is to take charge of the mortgage for the debenture holders, and in case the obligation is not carried out, it may take the steps requisite to get the liquidation on behalf of the holders.

2. Railway Mortgage Law.

A railway company is empowered to form an "estate" (*zaidan*) consisting of the railroad, buildings, land, rolling stocks, and everything pertaining to the working of the line, in order to make it the object of hypothecation.

3. Factory Mortgage Law.

4. Mining Mortgage Law.

In the former, a factory, and in the latter, a mine, is formed into an "estate," with everything related to the factory or the mine as an entity.

As a consequence of these four bills, the relation of various enterprises with capitalists are made closer, and the right of the latter is much more secure.

5. The amendment of the Law of Nipponigogyo Ginko (the Industrial Bank of Japan).¹

The sphere of trust business of the bank was much enlarged,

¹ See "Letter from Japan" in the *ECONOMIC JOURNAL* of September, 1904 (p. 479).

and the power of issuing debentures was strengthened, discount of bills and loans on "estates" created under the four preceding Acts being newly added. Besides, it is empowered to carry on banking business in foreign countries with the permission of the Finance Minister. As trustee for debenture-holders, and as a source of capital for railways, factories, mining and other industrial undertakings, this bank must be useful for those who are in need of capital, and as well as for capitalists.

When peace is restored and the boundless market of the Far East is opened to the commercial world, a great activity will set in, and when the resources and real condition of Japan are better known by the world at large, she will be found to be a good place for investment of capital. Then these measures will be brought into full play to the benefit of all concerned.

JIUCHI SOYEDA
(Correspondent for Japan.)

TOKYO,
1st April, 1905.

RECENT OFFICIAL PUBLICATIONS.

Report by Mr. A. Hosie, His Majesty's Consul-General at Chengtu, on a Journey to the Eastern Frontier of Thibet.
[C^d. 2586.]

ONE of those official publications which describe at length foreign countries and ways. We are not here concerned with the description of the Thibetan ladies; but may notice that by far the largest export from or through China into Ta-chien-lu, *en route* for Thibet, is *brick tea*, to the amount of 11½ million lbs. (in value nearly one million taels); the principal import into the same city *en route* for China (and Japan) is *musk*, to the value of 300,000 taels, the next place being occupied by *gold dust*, to the value of 192,000 taels.

Report . . . on the North-West of Canada, with Special Reference to Wheat Production for Export, by Professor James Mavor.
[C^d. 2628.]

THE area considered is likely to receive additions to its population from Continental Europe and the United States more than from the United Kingdom. In future the United Kingdom and the United States—perhaps even Japan—are likely to compete

for Canadian wheat; with what success depends on various factors, of which tariffs are one, and another is the unwillingness of the Canadian cultivator to confine himself to a single crop.

Report on Strikes and Lock-Outs in the United Kingdom in 1904.
[C^d. 2631.]

A RECORD year. The amount of working time lost, if spread over the whole industrial population, amounts to about one-seventh of a day per head during the year.

Report of the Royal Commission on Supply of Food and Raw Material in Time of War. [C^d. 2643.]

FINDING that the stock of wheat in the United Kingdom seldom falls so low as the amount required for seven weeks' consumption (at the rate of 600,000 quarters per week), and that the supply is from many diverse sources—in 1904 from India, Russia, the Argentine, and the United States, respectively, 21, 19, 18, and 16 per cent. of our total import—the Commission conclude that there is no risk of the population being starved into submission. The poor might suffer from "panic" prices. Several methods of guarding against this danger are discussed. Numerous reservations, signed by minorities, reduce the optimism of the report.

OBITUARY.

PROFESSOR JOHN DAVIDSON.

WE have lost a much-valued contributor in John Davidson, the author of the careful study on the *Canadian Preferential Tariff* in the ECONOMIC JOURNAL for 1900, and of the exhaustive article on *Canadian Financial Relations* in the last number. The son of William Davidson, well known in the commercial circles of Leith, John Davidson was educated at the Royal High School, Edinburgh, and at Edinburgh University. After studying for some months in Germany he was, in 1892, appointed to the Chair of Philosophy and Political Economy in the University of New Brunswick, Canada. In 1898 he published his *Bargain Theory of Wages*, which was reviewed in the ECONOMIC JOURNAL for 1899.

Then followed *Commercial Federation and Colonial Trade Politics*, a standard work reviewed in the *ECONOMIC JOURNAL* in 1903. In 1902 Professor Davidson obtained a year's leave of absence from his University for the purpose of prosecuting investigations in the economic history of Scotland. Soon after returning to his native country he was attacked by a pulmonary disease, which terminated fatally last July. Professor J. S. Nicholson, whose pupil Davidson had been at the University of Edinburgh, writes :—" Professor John Davidson as a student in Edinburgh University gained the highest honours in philosophy before taking up the study of economics. His residence in the Colonies, however, directed his attention to the concrete and descriptive, rather than to the abstract side of the subject. Of late years he had devoted himself to economic history. He had almost completed a history of the Scottish staple, which, from the fulness of treatment, was practically an economic history of Scotland for the period covered. From reading the MS. in the rough it seemed to me the completed work would be most valuable, and it is to be hoped the Carnegie Trustees may arrange for its revision and completion by some competent economist. The author had worked with indomitable pluck through a prolonged and distressing illness, and it would be a matter for great regret if the results of his labours were altogether lost. But for his untimely death I am convinced he would have taken a high place amongst writers of economic history."

CITY NOTES.

WE receive the following " City Notes " from " R. G. " :—

Peace.—The dominating factor in business during the current quarter has been the negotiation for peace between Japan and Russia at the instigation of President Roosevelt, and finally the conclusion of an agreement on the 29th of August. A great economic change has thus been made. So long as the war lasted, although neither Japan nor Russia was among the foremost nations commercially and industrially, yet there was a certain loss to the world by the waste of war, and still more an indirect loss of considerable magnitude through the suspension of business operations consequent on the diffused apprehensions and actual risk of other nations being drawn in which the war

engendered. Men in business necessarily held their hands while such incidents as the North Sea outrage, the seizure of the *Malacca*, and the sinking of the *Knight Commander* were occurring and possible, and while a mysterious diplomatic crisis such as that between France and Germany, resulting indirectly, it is alleged, from the changed position of Russia which the war had effected, was permitted to break out. All this occasion of disturbance to the world's business generally has been removed, and the difference it makes is indicated by the rapid rise on the Stock Exchanges and Bourses of Europe, America, and the East which saluted the peace. The rise would have been even more significant but for the partial anticipation of the peace itself. The Bourses all through have been more optimistic than the Press. Some months ago, after the fall of Port Arthur, there was a rumour of peace leading to a rise of prices, which was probably not altogether without foundation, and all through the negotiations at Portsmouth (U.S.A.) the Stock Exchanges were mysteriously and almost uniformly optimistic, with the exception of one day, the 28th, just before the actual conclusion of peace, when both sides were apparently threatening to break off. The reason of this Stock Exchange anticipation, there is no doubt, is the contact in matters of business between leading financiers and the government authorities on both sides, and the estimates which are thus made possible to the financiers of the material and psychological conditions of the belligerents.

The Extent of the Rise.—Almost all securities participated in the rise, Russian stocks advancing six points the day after the "accord" was announced, Japanese stocks, which had been less depressed, two points, and English Consols, English and American railways, South African mining shares, and almost all other securities participating. The rise in English Consols (to 91½) still leaves them depressed as compared with what they were not so many years ago, and the same may be said of other markets, but the least speculative markets are always the slowest to feel a change of this kind, which appeals to the speculator more than to the quiet man of business. Probably the rise all round is not yet at an end, and it will be checked before long by the issue of new loans, partly to liquidate the war and partly to enable various countries as well as the belligerents to go on with new railways and other work which the war has delayed; but the conditions of business generally have

seriously changed for the better, and something approaching a boom has commenced.

The Causes of Weakness in Consols.—An impression seems to prevail in some quarters that the weakness in Consols this last year or two is specially due to the great expenditure of the English Government itself and the consequent stoppage of the repayment of the debt which has in fact occurred, the repurchases for the Sinking Fund so-called having been more than balanced by the expenditure out of loans on military and naval works not provided for in the ordinary budget. Without questioning, however, the effect of this expenditure in the direction stated, it may be permitted to remark that it is possible to exaggerate the *quantity* of the effect, and to overlook the general causes which affect great masses of securities and appear on the whole to be the more important. While the Russo-Japanese War lasted, it was perhaps more potent than all other causes combined in depressing the stock markets, as we perceive by the upward rush which has followed the announcement of peace, just as if a spring had been released. A condition of things has been brought about in which the repayments of debt by the English Government, if recommenced, and any other causes of improvement will tell greatly; but we must not expect too much from special causes. Not improbably, as has happened before, the good financial management of the English Government, in diminishing the quantity of its securities in the market, will tend to improve securities generally in greater proportion than Consols. At the time of the Goschen conversion, it was France and Russia which appeared to gain most by the scarcity of high class government securities, and not the English Government, whose securities were already too high for investors. This is no reason for the English Government neglecting to manage its finances prudently and well, which will have many indirect as well as direct advantages; but it is a suggestion not to look for a greater advantage of a specific kind by the rise in Consols themselves than the conditions warrant. The relative prices of securities of a like class is not a simple but a very complex subject.

The Money Market.—One of the most favourable conditions for the advance in securities which has attended the announcement of peace is the ease in the money market. This ease is in

part the result of the war suspense; but for the present, whatever the cause, it favours the speculator. There is also another cause of a significant kind, the renewed production of gold on the scale which existed a year or two before the Boer War, and which that war interrupted. This flood of gold coming into the banks of Western Europe and America swells banking reserves, fills the channels of business everywhere, and makes everybody "comfortable." In time business will grow up to and make use of the cash thus put at its disposal. Prices will rise, borrowing will increase. Then the dispersal will begin, to be followed by a new period of tightness and depression. It may be questioned also whether the boom now on the way will last very long. Mention has frequently been made in these notes of apprehensions felt as to the solidity of the apparent improvement in the United States, and these apprehensions are being more strongly expressed than before. Attention is specially drawn to the great increase in the last few years in the National Bank note circulation in the United States, and the great increase in the number of small banks, consequent on the latest experiment of the United States in currency legislation. The bank-note circulation, even at its present figure of £90,000,000, is not in excess, perhaps, of the requirements of business in that great country, and the figure many years ago used to be about £70,000,000 before it was artificially reduced by currency legislation of a different kind; but a sudden increase in a few years is, nevertheless, a serious matter. There has simultaneously been an enormous increase in the deposits and loans of the United States banks, while the rapid multiplication of small banks, to a student of bank history, appears a specially dangerous feature. In conservative quarters in the financial world these features in the general business situation are beginning to be seriously considered, and the autumn may not pass without the shortage of money, which inevitably follows a boom, as night follows day, making itself felt.

Sugar Smash in Paris.—The Stock Exchange depression which occurred just before the announcement of peace, and was, no doubt, due mainly to the stress of the final differences before accord was arrived at, was increased for the moment by an incident of a different nature in Paris—the break-up of a corner in sugar, which had been engineered by two of the leading speculators in Paris, M. Jalouzot and M. Cornier, the latter being the manager of Say's Sugar Refinery, although that com-

pany and its directors (with the exception of the manager) are not involved. The corner was based on the idea that there would be a deficient beetroot crop, which has been falsified by the event, for not only is the crop not deficient, but there has been a falling-off of demand due to temporary high prices, which comes to the same thing as an increase of supply. This is the way of almost all corners in articles of general consumption. Speculators putting two and two together calculate that there is not enough of an article—wheat, cotton, copper, or sugar, as the case may be—to “go round,” and so they make a corner to take advantage of the comparative scarcity and aggravate it for their own advantage. But they forget the effect of a greater price in diminishing demand and in bringing forward supply from unexpected quarters, and in bringing forward a supply of articles of a like kind, such as steel for copper, or wool for cotton, which can be substituted to some extent for the cornered article. Why the sugar smash should have helped a depression on the Bourse is also easily explained. The differences have been so great, estimated by some at no less than £8,000,000, as to affect two large banking institutions in Paris, and this naturally affects all Continental speculation, which is specially dependent on assistance from banks to a degree and in a way that would not be extended in England. Still more, speculators seldom confine themselves to one field. The man who speculates in sugar or cotton, or copper or pig-iron, very often takes a hand in the markets for securities, and *vice versa*. In the present case the Paris sugar speculators are credited with dabbling in American railways and South African mines as well as sugar. The liquidation of their transactions accordingly gives trouble in other markets, and thus the sugar smash becomes a feature of the general situation.

The Losses of the War.—Before leaving the topic of the war, it may be as well to point out once more how little the direct losses seem to tell as compared with the indirect. Here we have had Japan and Russia carrying on war for twenty months, spending in the aggregate, it is calculated, over £400,000,000 sterling (Japan £180, Russia £220 millions). But the effect in either country is not conspicuously severe. Business goes on much as usual, and what interruption there has been in Russia has been mainly from revolution and insurrection, and not from war. The suffering from loss of life and wounds has been enormous, but the economic loss arising from the diminution of incomes and

increase of taxes has been quite inconsiderable, even for the belligerents themselves, and still more so when compared with any figure of the world's production as a whole. The truth is, that the war, like other wars in which borrowing plays a large part, is carried on not immediately at the charge of the belligerents, but largely at the charge of the capitalists in every country who choose to lend them the money. A day of reckoning may come, of course; but the reckoning, such are the facilities of credit in these days of big finance, appears to be long postponed—so long that the belligerents have time to turn round and provide themselves with new resources before it comes. Japan apparently will issue from the war with its resources increased rather than diminished in the interval, although it has got no indemnity; and even Russia might find in a simple diminution of the vast outlay of its Government in the pre-war times far more than is required to make up all the losses of the war and place the Russian people in a condition of greater comfort than before. The situation would not be so pleasant for either belligerent but for the great financial power of modern communities as a whole. I can only repeat—what has been said in these notes before—that if neutral lending to belligerent States could be prevented, more would be done to make war difficult, if not impossible, to all except one or two first-class Powers than by any other measure that could be tried.

R. G.

LABOUR NOTES

THE improvement in the conditions of employment that was a feature of the early months of the year, has been arrested. Such improvement as took place from January to May, when not seasonal in character, made itself felt for the most part in well-defined areas, leaving others but little affected. London was perhaps the most conspicuous instance of a great centre of population in which but slight change for the better could then or can now be observed, the building trades and river-side industries—both of first rate importance as affecting the conditions of employment in the metropolis—remaining, among others, in a depressed condition.

* THE *Labour Gazette* chart of unemployment showed for the whole country 5·2 per cent. out of work at the end of July, as

also at the end of June, a figure very slightly higher than that for the end of last May, but .9 per cent. lower than at the end of July, 1904. If hostilities in the Far East continue, with all the widely-spread elements of uncertainty and repression that a great war brings in its train, and if the season prove a severe one, next winter is likely to be another period of exceptional industrial difficulty.

A FORM of industrial "organisation," not by trade or occupation, as in the case of the Trade Unions, but on the lines of the negative qualification of unemployment, is manifesting itself more prominently and more widely, and probably with more definitely political ends in view, than in other years of exceptional distress.

THE Welsh Coalfields have been in a somewhat disturbed condition, the non-unionist difficulty having made itself felt in a few centres, and the wages question having come up for re-adjustment. The local Conciliation Board has again proved its great usefulness, and by the casting vote of Sir Michael Hicks-Beach, a vote that is practically an award, the disputed claim of the owners for a reduction of $3\frac{1}{2}$ per cent. has been settled. The claim has been allowed, and wages now stand at the recognised "minimum" of 30 per cent. above the standard rate of 1879.

IN the well organised cotton spinning trade, a great conflict has been averted, a demand for a 5 per cent. reduction by the employers in the Bolton district and one put in for a 5 per cent. advance by the men in other districts having been the matters under discussion. The deliberations were lengthy, and finally the demand of the Bolton employers was withdrawn, while as regards the advance claimed in other districts, the matter was settled by a concession of the 5 per cent. for twelve weeks. From the end of that period until March 1st, 1906, rates will revert to their present level. It is noticeable how greatly the hands of those engaged in this trade are tied by the speculative nature of the market for its raw material, and by the consequent difficulty of forecasting the future.

* IN a few weeks' time the wages question in this trade will have to come up again for settlement, and the hope is entertained
No. 59.—VOL. XV.

in many responsible quarters that the interval may be utilised to set up a machinery that will automatically prevent the recurrence of such crises as that which has just been passed through. To this end it has been agreed that the Joint Committee of Employers and Employed shall meet again at as early a date as possible.

THE General Federation of Trade Unions has now been in existence for six years, and the last Annual Report shows that it is steadily, if not very rapidly, strengthening its position. Ninety-two Unions are now federated with a total membership of a little over 400,000; the annual income is nearly £30,000; and the reserve in hand at the close of the financial year in March last was nearly £120,000. In general the Federation continues to exercise a steady and pacific influence.

THE function of the Trade Unions as Friendly Societies is apt to be overlooked by many who see in the former nothing but militant organisations, but the criticism on the ground that the establishment of their Friendly Benefits is "unfair" is less frequently heard. It was this complaint that was advanced at the recent High Court of the Foresters, held at Newcastle, the "unfair competition of the sick benefits offered by the Durham Miners' Union" being the special grievance. The whole question of overlapping of functions which is illustrated by this complaint is to be a subject of discussion at the forthcoming Trade Union Congress. It will probably be admitted on that occasion that it is neither easy, nor in some cases even possible, save perhaps for the Friendly Societies themselves, for working class organisations to confine their operations to any admittedly primary aim. The complexity of social and industrial conditions goes far to explain this. There are thus not only many Trade Unions which establish their Sick or Superannuation Benefits, but from time to time some of them endeavour to embark on some branch of co-operative enterprise; while, to cite another instance, the co-operative movement often competes directly with the recognised Building Societies. The reasonableness of these excursions into other, if not alien, fields of enterprise must be determined, however, not so much by the character of the fresh competition to which they lead, as by the extent to which the new function tends to strengthen or weaken the primary one. Thus, in the case of the Trade Unions, it is almost universally

admitted that, in the great majority of trades, a purely protective organisation will be unable to establish a strong and lasting hold on the rank and file of their members.

THE most tempting field into which many democratic organisations, the chief exceptions being, perhaps, the Friendly Societies, are apt to wander is that of politics, and in addition to avowedly political organisations like the Independent Labour Party or the Social Democratic Federation, we now have the National Labour Representation Committee, deriving the great bulk of its support from the Trade Unions, while in many districts the Trade Unions themselves practically control the parliamentary elections. And "labour" with a large infusion of socialism in its political programme is probably on the eve of taking a more prominent part than ever before in the political life of the community. Great gain may follow from this if a sectional responsibility finds space also for a sense of one that is national and imperial in its scope. There is happily no sufficient reason for being less hopeful that the general interest will be considered by "labour men" in the future than it has been by others in the past, who, although not elected as such, have in practice represented in the House of Commons, not only the general, but some special interest—be it railways, temperance, or "the trade." Almost every great public interest does in practice find one or more representatives in Parliament, and the question that great organisations have to answer for themselves is as to whether it is necessary or advantageous to have also direct and *quasi*-official representation in the House of Commons. Among co-operators, who are essentially a non-party organisation, and who have rarely lacked friends and good spokesmen at Westminster when they have been wanted, this question has been discussed from time to time. Recently it has taken two forms, as to whether more direct representation should be aimed at, and, if so, as to the party alliance that should be entered into, and the motions dealing with these two subjects at the Co-operative Congress this year gave rise to perhaps its most animated discussions. There were two resolutions, one simply advocating that co-operators in and through their own organisation should take a larger share in the legislative and administrative government of the country, and the other advocating alliance with the forces of the Labour Representation Committee. The first resolution was carried by 654 votes to 271, and the second was lost by 135 to 801—two sets of figures the chief

significance of which, together with that of the debate with which they ended, is probably to be found, not in the majority of six to one by which it was decided not to join the Labour Representation Committee, but in the renewed sense of the importance of legislative and municipal administration which they demonstrated.

THE Co-operative Congress—the thirty-seventh of the series, held at Paisley, and attended by 1,300 delegates—again revealed the vitality of this great movement. The total membership of the 1,637 societies included in the returns of the Co-operative Union is now 2,205,942. The total capital amounts to the large sum of £38,846,839; sales to the somewhat disproportionate figure of £91,884,198; and profits to £10,342,698.

THE Congress was held, as usual, at Whitsuntide, and in August the Annual Co-operative Festival has again been held at the Crystal Palace. Figures recently published show that the Co-operative Societies practising “co-partnership,” with which the Festival is chiefly identified, now number 126 in Great Britain, carrying on a total trade of three and a half millions and showing a total profit of £206,466. The larger part of these totals are due, it should be noticed, to the operation of two great undertakings—the productive departments of the Scottish Co-operative Wholesale Society and the United Baking Society of Glasgow. But this hopeful movement is, as a whole, making steady, if not very rapid, progress, the total trade having increased three-fold since 1893. The dividend paid on wages—the distinctive feature of these Societies—amounted to £21,524 in 1904. As significant as the co-partnership societies, and perhaps destined by example to have a still greater effect upon industrial relationships, are the capitalistic undertakings that have adopted the co-partnership principle. Among these, still *facile princeps* in this country, is the South Metropolitan Gas Company, in which there are now more than 3,000 employee shareholders, holding stock to the amount of about £200,000—figures that are but the index of a great reform.

ERNEST AVES

August 28.

CURRENT TOPICS

THE Lancashire cotton industry has just been passing through a very severe crisis. The immediate cause was the refusal on the part of the employers to accede to the operatives' demand for a 5 per cent. increase in wages. The ultimate cause lies in the abnormal conditions created by the violent fluctuations in the price of raw cotton during the past two years. At the end of last year a great fall took place in the price of raw cotton, unaccompanied by a corresponding fall in the price of yarn and cotton cloth, in consequence of which spinners' and manufacturers' margins were very high. Employers began to earn large profits, and the operatives claimed a rise in wages, to which the masters objected, chiefly on the ground that they had had very bad times in the past, and must first recoup themselves. A joint meeting of employers and operatives to consider the application of the latter for a 5 per cent. rise in wages (under the Brooklands Agreement, wages may only rise or fall by exactly 5 per cent.) was adjourned on May 25th till July 10th for the masters to give an answer. The employers asked for an adjournment of the question for three months, to give the price of cotton a chance of settling. The operatives refused, pressing for an immediate answer; finally they tendered notices to cease work on August 19th, unless the advance of 5 per cent. was conceded. The employers decided to resist this demand, partly on the ground that it was not justified, partly because they felt "that the stoppage of the mills in the face of such a demand would prove of immense advantage, and possibly be the means of restoring the trade to its former condition" (Circular of the Federation of Master Cotton Spinners' Associations, August 4th, 1905). On August 5th the Bolton Local Association decided that its members should give notice to their operatives that in a month's time wages would be reduced 5 per cent. The official explanation was that spinners of Egyptian cotton had been having very bad times, margins being exceedingly low. Coming at the time when it did, this decision was by some regarded as a strategic move in support of the other employers. The situation was exceedingly critical, when the Lord Mayor of Manchester, Sir Thomas T. Shann, intervened. Previous to this there had been some talk of arbitration by the Board of Trade under the Conciliation Act, 1896, but nothing came of it, as it was well understood that "outside" arbitration would not be welcomed by either

masters or men. On August 16th, after lunching with the Lord Mayor at the Town Hall, representatives of employers and operatives met in conference. The meeting lasted from 2.30 till 10 p.m., and was then adjourned till the next day. On August 17th a settlement was arrived at about 11 o'clock after a nine hours' meeting, and then only after Sir T. T. Shann had been called in two hours previously, apparently as conciliator. The terms of the settlement are as follows: (1) That the Federation withdraw its application for a 5 per cent. reduction in the Bolton area. (2) That the operatives withdraw their application for a 5 per cent. advance in wages in the Federation area, exclusive of Bolton. (3) That the Federation agrees to a 5 per cent. bonus being paid for twelve weeks from the first pay-day in September, paid monthly, at all Federation mills exclusive of those in the Bolton area. (4) That at the end of the twelve weeks the bonus shall lapse and the present rate of wages shall continue up to March 1st, 1906, after which date either side shall be at liberty to take whatever action it thinks desirable with regard to an advance or reduction of wages. (5) That the joint committee meet together as early as possible for the purpose of framing some scheme for the automatic regulation of wages in the future.

THE Prime Minister announced on August 2nd that he was about to appoint a commission to inquire into the question as to how far the present powers of the Poor Law authorities are adequate to modern conditions. He gave a testimony to the thoroughness of the 1834 Commission by mentioning that no similar commission has been appointed since that date. The scope of the inquiry is to be wide, as it will include "everything which pertains to dealing with the problem of the poor, whether poor by their own fault or through lack of employment." The *personnel* of the Commission will follow, as far as possible, the precedent of 1834. Its members are to be persons not closely connected with party politics, who will regard the subject from an "abstract and disinterested point of view."

SOME of the ground which the Commission might have covered has already been allotted to a departmental committee appointed to consider Mr. Rider Haggard's report on the Salvation Army Colonies in the United States and at Hadleigh, Essex. The

committee includes, among others, Mr. Sidney Webb, Mr. Wilson Fox, Mr. Bernard Holland, Mr. J. S. Davy, and Mr. Henry Lambert. Its chairman is Lord Tennyson. The report under consideration is the outcome of a suggestion made by the Rhodes trustees, who granted £300 towards the expenses of the inquiry. Mr. Rider Haggard undertook a tour of two months through Canada and the United States. His opinion of the Salvation Army colonies was so favourable that his report consists mainly of a far-reaching proposal for State-aided emigration. He has succeeded in obtaining from the Canadian Government an offer of ten townships for the purposes of his scheme, and suggests that the Home Government should guarantee a loan to enable emigrants to be established in these townships. His attempts to induce the Canadian Government to take a share in this guarantee have not, up to the present, been successful, but he is convinced that the loan will not involve any loss. The emigrants are to be chosen from those who are threatened with poverty, but who, being "the victims of misfortune and circumstance rather than vice," are likely to succeed as settlers in a new country. Mr. Rider Haggard is convinced that this is a very numerous class. His faith in the Salvation Army is so great that he recommends that it shall be entrusted with the selection of the emigrants. He seems, however, to realise that his confidence may not be generally shared, and admits that it may be thought advisable to commit this delicate task to other agencies. The report dwells with great insistence upon the necessity of training the colonists for their new life, and of keeping them during the first few years under skilled but sympathetic management.

AN experiment along the lines of Mr. Rider Haggard's proposal is described in the preliminary statement issued by the committee of the London Unemployed Fund, better known as Mr. Walter Long's fund. Those who seem likely to support themselves on the land are tested by passing through two periods of probation in agricultural work at the Hollesley Bay farm colony. Some of them are then to be found situations as farm labourers or market gardeners. The picked men are to be established in small holdings, or, after a special training, assisted to emigrate. Twenty-one families have emigrated up to the present time.

THE proposed Garden Suburb Trust has now taken a more definite shape than when we first described its objects (March,

1905), and is appealing to the public to take up shares. Figures are submitted to prove that the scheme stands on a firm financial basis. As, however, the promoters are not proposing to start a land company as a mere pecuniary investment, but to attempt a social experiment, the interest on shares is limited to 5 per cent. The estate comprises about 240 acres at Hampstead. Applications for about one-sixth of the available land have been received up to the present time. The tube railway now being constructed will bring the district into easy communication with Central London. The Honorary Secretary is Mrs. Barnett, of Toynbee Hall.

MEANWHILE the Garden City Company has undertaken a new enterprise in the shape of a Cheap Cottages Exhibition. The exhibition is a protest against the building by-laws of many rural districts. There appeared in the *County Gentleman*, of October 1st, 1904, an article entitled "In Search of a £150 Cottage." The writer complained that by-laws which prohibit cottages from being built except in brick or stone make it impossible to build a good labourer's cottage for less than £250, a sum which admits of such small return to the landlord that cottages are not being built. The exhibition is intended to prove that, where the by-laws are not too coercive, a good cottage need not cost more than £150. It consists of a hundred cottages, some of them the work of our foremost architects. Particulars of the exhibition are published in the "Book of the Cheap Cottages Exhibition," to be obtained from the Secretary, 347 Birkbeck Bank Chambers.

A LETTER from the Freedom of Labour Defence Committee appeared in the *Times* (June 13th) in answer to the attacks upon the system of home work. These attacks have found their latest expression in the Home Industries Bill, introduced into the House of Commons last session. The bill provides that no employer shall give out home work except to those furnished with a certificate from the factory inspector. The certificate is not to be granted unless the inspector is satisfied that the work will be carried on under suitable sanitary conditions. The Freedom of Labour Defence Committee claim that the home worker stands higher as a rule in matters of sanitation than those of her class who do not work at home, and deny that there is any evidence for the belief that the system is a cause of infection. They consider that the sanitary authorities have already the full power

necessary to protect public health. Home workers, moreover, have learned to regard the sanitary inspector as their friend, and it is, therefore, most unwise to supersede him by the factory inspector. The committee point out that those who prefer to work at home rather than outside are the women with "strong motherly and domestic instincts." The system, therefore, they consider, fosters home life and should be encouraged rather than viewed with hostility.

TRINITY COLLEGE, DUBLIN, actuated, no doubt, by motives on which her elder sisters have acted (see ECONOMIC JOURNAL, XIII., p. 278); has instituted a Diploma in Economic and Commercial Knowledge. It is not limited to members of Trinity College. Outside candidates will be admitted on payment of a small fee. The Diploma will be granted for proficiency in the various branches of a higher business education, as tested by an Examination. The Course for the Examination consists of obligatory and optional subjects. The obligatory subjects are (1) Economics, descriptive and theoretical (Nicholson's *Elements of Political Economy* or Devas' *Political Economy* may be used as a convenient text-book); (2) Economic and Commercial History (T. Warner's *Landmarks of English Industrial History* may be used as an introduction); (3) Commercial Geography; (4) Accountancy and Business Methods; and (5) Commercial and Industrial Law. Candidates must pass in all of these subjects, but may divide the work by passing in three subjects at one examination, and in the remaining subjects at a subsequent one. The optional subjects are a modern language and two of several special subjects, divided into (1) Economic, and (2) Business Organisation. "Candidates who take one of the optional business subjects will be expected to have an adequate knowledge of the development of the class of business and of its organisation. The methods pursued, and the economic principles underlying them, should also be studied." Persons who desire further information can apply to Prof. C. F. Bastable, Trinity College, Dublin.

WE understand that a committee is being formed for the purpose of saving the remarkable collection of books relating to labour policy and industrial history owned by Mr. George Howell, the well-known writer on trade unionism. On the preliminary list of those who have united for this purpose we notice the names

of Earl Carrington, Sir Charles Dilke, Professor Foxwell, Mr. Frederic Harrison, Mr. G. J. Holyoake, and other well-known names.

MR. N. G. PIERSON, the correspondent of the Royal Economic Society for Holland, has made the following reply to a question asked by us, whether the Dutch tariff could be regarded as a Free Trade system :—

“Our tariff, certainly, is not a purely Free Trade one, when looked upon from an English point of view. Manufactured articles are mostly taxed 5 per cent. But there is nothing of Protectionism in this, in so far as protection is not the object, the object being wholly a fiscal one. Our *tobacco* trade would be ruined if we introduced a high duty on that article—which is now subjected to a merely nominal duty of fourteence per 100 kilograms. So, this means of filling the treasury failing, we are under the necessity of maintaining low duties on a large number of commodities. Of course, in theory the British system would be better : high duties on tobacco and a long free list. But this we cannot afford to do, and so, in practice, our system is preferable *for us*. We have no choice, as direct taxation can hardly be increased very much. I hope my British friends will not consider us, for that reason, unsound on the subject of Free Trade. If anyone could show us the way to abolishing nearly all duties on importation, we would be thankful for his advice.”

N. G. PIERSON.

THE tenth meeting of the International Statistical Institute took place this year in London during the week ending August 5th. A reunion of statisticians had not occurred in England since 1885, when the Jubilee of the Royal Statistical Society coincided with the second birth of the statistical international co-operation—to borrow a phrase from the graceful address with which the Prince of Wales inaugurated this year's congress. He was referring to the earlier congresses, in the promotion of which the late Prince Consort took a leading part. There is yet another connection between the Royal pedigree and the annals of statistical science. Quetelet was encouraged by the Prince Consort and his brother to complete those letters on the Theory of Probabilities in which he explored the first principles of statistics, and in the spirit of a creator “cast the dark foundations deep.” The pure theory of statistics was advocated this year by Professor Mandello ; in the course of an in-

teresting paper on the Future of Statistics. Looking to the enormous mass of figures now published, Professor Mandello had the courage to ask whether it would not be better to print less and think more. Masses of undigested figures were often useless for the purpose of international comparison. Major Craigie, too, and other high authorities on agricultural statistics, dwelt on the need of comparability between figures which pertain to different countries. Thus it is hard to say how far the diminution in the number of sheep which has been observed in many countries of Europe extends to Russia. For the Russian statistics lump together two species which there is the highest authority for placing in different categories—sheep and goats. Comparisons, where possible, between the conditions of different countries naturally enter largely into the work of an international congress. Another subject particularly germane to such a congress is presented by the transactions between different nations. The international "economic balance" was considered under various aspects—the interchange not only of merchandise and of bullion, but also of securities—those "milliards which travel *incognito*," in the lively phrase of M. de Foville. His name is to be associated with that of M. Neymarck and that of M. Ignaz Gruber in connection with this subject. Regard to proportion would demand that we should mention many other eminent names and important topics. But a list of titles—all that our space permits—would not convey an adequate idea of the work done by the Congress. As well might we hope to revive the festivity of the Lord Mayor's banquet to the statisticians by reprinting the *menu*. One item, indeed, in the material feast deserves to be mentioned here, the delicious "loving cup" which circulated among the Lord Mayor's guests, if with M. de Foville¹ we regard it as symbolical of that identity of terms and classifications which is the ideal of international statistics. Community of feeling, as well as thought, may be hoped for as a result of the Congress.

¹ See his genial retrospect of the Congress in *L'Économiste Français*, August 19th.

RECENT PERIODICALS AND NEW BOOKS

Journal of the Royal Statistical Society.

- JUNE, 1905. *Seasons in the British Isles from 1878.* W. N. SHAW. Copious meteorological statistics throw light on the correlation between successive seasons, and other practical inquiries. *Progress of Friendly Societies.* E. W. BRABROOK, C.B. *Statistics of Wages in the Engineering and Shipbuilding Trades.* A. L. BOWLEY and G. H. WOOD.
-

The Economic Review.

- JULY, 1905. *The Relation between Church and State.* Rev. Prof. R. L. OTTLEY. *The Riddle of Mining Royalties.* T. I. JONES. After discussing the amount of royalties and their effect on the price of minerals, the writer considers various plans for "socialising this public wealth"—(1) a general reduction of royalties, (2) their total abolition, (3) nationalisation, (4) taxation—and decides in favour of the last. *The Problem of the Unemployed.* H. V. TOYNBEE. A survey of various plans, the Mansion House Fund of 1886, Labour Bureaus, the Salvation Army's Colony at Hadleigh, that of the Poplar Board of Guardians at Laindon, Mr. Long's scheme, &c., does not present any unique and simple solution. *The Double Exchange Theory.* W. W. CARLYLE. *The Co-operative Congress.* F. MADDISON. The rejection of the proposal to join the Labour Representation Committee frees co-operation from party entanglements. *Commercial Morality.* Referring for evidence of extensive malpractices to the pamphlet on *Commercial Morality*, published by the Christian Social Union (Oxford), and to the London Chamber of Commerce on *Secret Commissions* (1898), the writers offer remedies, including the method of *Preferential Dealing*.
-

The Nineteenth Century.

- JUNE, 1905. *Official Poor Relief in Russia.* EDITH SELLARS. A heavy indictment. *The Drink Monopoly and the National Revenue.* E. ROBERTSON, M.P. The State ought to secure the whole of the value due to the creation of the drink monopoly.
- JULY. *Organised Labour and the Unemployed Problem.* I. H. MITCHELL. Unless the hours of labour, not the number employed, are made the elastic part of the productive system, the

Unemployed Bill will be a failure. *Ireland's Financial Burden.* EARL OF DUNRAVEN. The taxation out of proportion to the poverty of Ireland is due to extravagant and irresponsible administration.

The Contemporary Review.

JUNE, 1905. *The Argument for Protection.* HILAIRE BELLOC. *The argument in favour of Protection, admissible abstractly, does not apply to our industrial system.

JULY. *Corn Law Memories.* J. K. SNOWDEN. Personal recollections and little-known records of bad times.

AUGUST. *Occupations of the People.* J. A. HOBSON. Statistics of occupations show a tendency among advanced nations for industry to grow faster than foreign trade.

The National Review.

JUNE, 1905. *The Influence of the New German Commercial Treaties on British Industries.* W. A. S. HEWINS. The production of fine yarns and other British industry will be discouraged. We have, indeed, in common with some twenty-seven other States, the most-favoured-nation treaty with Germany, but we have no voice in the formation of the conventional tariff to which we are thus admitted. Duties injurious to us remain on the general tariff. The German provision for retaliation is "scarcely likely to be put into operation, except in regard to some small country."

JULY. *Why were Colonial Preferences Given Up?* PARKER SMITH. Because Free-trade statesmen lacked imagination; witness Lord Grey's *Colonial Government*.

The Independent Review.

JUNE, 1905. *The British Farm Labourer.* SEEBOHM ROWNTREE. Referring to Mr. Wilson Fox's Report on the Wages of Agricultural Labourers (Cd. 2,376).

Journal of the Institute of Bankers.

APRIL, 1905. *The Working of the Elastic Clause of the German Bank Act.* HERMANN SCHMIDT. No instance of the Act working badly can be shown.

The Women's Trade Union Review.

The *Women's Trade Union Review* for July, 1905, contains an interesting note by Sir Charles Dilke on "The Trades Union and Trade-Dispute Bill."

The Quarterly Journal of Economics (Boston).

MAY, 1905. *The Division of Income.* E. CANNAN. Distribution as usually treated does not cover the questions which interest the man in the street. Is the proportion of the national income which falls to property increasing? The writer inclines to think

so. "The whole produce of the labourer," as a *pro rata* addition to 'present earnings, would not remove inequalities. Among the causes of inequality inheritance is very potent, and is likely to become more so. The existing inequality is necessary, but probably greater than is necessary. *The Personality of Cournot*. HENRY L. MOORE. Anticipations from unpublished memoirs show the amiable character and versatile interests of the first mathematical economist. *Types of American Labour Organisation*. *The Teamsters of Chicago*. J. R. COMMONS. *Transportation in the Antebellum South*. ULRICH B. PHILLIPS. *The French Corn Laws, 1515-60*. A. P. USHER. *Schmoller on Protection and Free Trade*. F. W. TAUSSIG. Eighty pages of history in Prof. Schmoller's new volume show, what nobody denied, that economic laws are not universally applicable; but he does not lead to specific conclusions. "Without some background of general reasoning as to the nature and effect of international trade," says Prof. Taussig, as one who has himself laboured on historical details, "all this investigation can lead nowhere." On France, Prof. Schmoller's narrative is "no more than a narrative." On America, the narrative is "not without flaws."

Journal of Political Economy (Chicago).

JUNE, 1905. *The Wages of Unskilled Labour in the United States*. EDITH ABBOTT. A critical use of statistics points to the conclusion that the money wages of common labourers in the United States have increased by about fifty per cent. since the decade following 1850. *The Source of Financial Power*. W. L. LANGWORTHY TAYLOR. *Marginal Utility and Exchange Value*. R. S. PADAN. The doctrine of the older economists in its true relation to modern terminology. *History of the Working Classes in France*. A. M. WERGELAND. Referring to the latest volumes of M. Levasseur's history.

The *Annals of the American Academy of Political and Social Science* for May deals with *Child Labour*. With reference to the set of papers on this subject, an expert writes to us:—"The facts given are decidedly gloomy. Not only is the factory law lax in many States, but it is not strictly administered. In the south it is estimated that 20,000 children under twelve are employed, mostly in cotton factories (p. 7)—some of these occasionally as much as thirteen or fourteen hours a day. In 1887, Alabama passed a law forbidding any child under fourteen to work more than eight hours a day in a mill. This moderate measure of reform was subsequently repealed, mainly owing to the influence of northern mill-owners of Alabama mills (p. 20). The employment of children in street trades is productive of great evils (p. 23). In the Western States better conditions prevail, and Colorado has an excellent law forbidding employment under fourteen years, or in dangerous trades under sixteen, and requiring school attendance up to sixteen, or until a given standard has been attained (p. 97). One of the most interesting papers is that on "Child Labour from the Employer's Point of View," by Prof. Hirsch, who argues that child labour is wasteful and unprofitable, and, even from commercial motives, should be done

away with. Mrs. Jane Addams contributes an eloquent appeal from the point of view of the community. It is an irreparable loss to an industrial society to put large numbers of producers prematurely to work, and therewith sacrifice or impair their best powers (p. 128).

The July number of the *Annals* deals with the United States as a world-Power.

The Yale Review (Newhaven).

MAY, 1905. *The Industrial Progress of Germany*. W. SOMBART.
The Price of Silver. M. W. GAINES.

AUGUST. *The Industrial Progress of Germany* (continued). W. SOMBART.

Journal des Économistes (Paris).

JUNE, 1905. *Le régime douanier de l'Algérie*. A. REVILLON.
Cartels et Trusts. A. RAFFALOVICH. *Les Indiens aux États-Unis*. LABORER.

JULY. *La Confession de M. Méline*. YVES GUYOT. Referring critically to Méline's newly published *Retour à la Terre et la Surproduction Industrielle*. *Contrôle et Surveillance des Compagnies d'Assurance*. E. ROCHETIN. *Les halles centrales*. E. LETOURNEUR.

AUGUST. *Les résultats du droit sur le blé en Italie*. E. GIRETTI.
La lutte contre le chômage en Suisse. D. BELLET. *L'entre-pôt obligatoire*. E. LETOURNEUR.

Revue d'Économie Politique (Paris).

MAY, 1905. *Sociétés de crédit en Algérie*. E. PHILIPPAR. *La France Économique au début du XVIII^e Siècle*. R. G. LEVY. *Apropos of a book by M. Fagnier*. *Le repos du dimanche en Belgique*. L. DECHESNE. *L'Histoire Économique de l'Ancienne France (suite)*. H. HAUSER.

JUNE. *Les illusions relatives aux retraites ouvrières*. E. VILLEY. *Quesnay et le tableau Économique*. SCHELLE. *L'Assurance contre les accidents du travail en Angleterre*. A. MONNIER. *L'Économie Politique au Conservatoire des Arts et Métiers*. E. LEVASSEUR. The history, method of teaching, and curriculum of the Conservatoire are attractively set forth. *L'Institut International d'Agriculture*. R. DALLA-VOLTA. Referring with approbation to the international institute proposed by the King of Italy (see *ECONOMIC JOURNAL*, XV., p. 136).

In *L'Économiste Français*, June 10, *The Philippines under American Rule* is the subject of a critical article by M. PIERRE LEROY-BEAULIEU. The exclusion of the Chinese is one of the mistakes which result from a policy of assimilation with American institutions. M. E. LOZÉ argues, July 22, that the tax on the export of coal from England will soon be abolished. In the same number, M. P. LEROY-BEAULIEU has a warning article on the new attitude of China (under

Japanese influence). In the issue of August 5, M. PAUL LEROY-BEAULIEU describes the recent sugar crisis in France.

In the *Revue Économique Internationale* for June, 1905, Prof. E. MAHAIM describes the conference for the protection of labour, which was held last May at Berne.

The *Bulletin de l'Institut International de Statistique*, Tome XV., contains in its first section (*Livraison*) a useful index of all the communications which have been made to the institute since its foundation in 1885. In the fourth section of Tome XIV., Prof. LEXIS discusses the measurement of fecundity; M. KÖRÖSY adduces new contributions on the proportion of the sexes at birth.

In *De Economist* (La Hague) for June, obligatory insurance is discussed by Prof. GREVEN; in the July-August number, Dutch and English deposit-banking, by G. M. BOISSEVAIN.

Jahrbücher für Nationalökonomie (Jena).

APRIL, 1905. *Gebühren und Verkehrssteuern*. F. KLEINWACHTER.

Die Getreidepreise im 19 JAHRHUNDERT. BELA FOLDES.

MAY. *Die irische Agrarreform*. G. BRODNITZ. *Die Konsumvereine in Frankreich*. A. PFÜTZE-GROTTEWITZ. *Zur Beleuchtung der ehelichen Fruchtbarkeit*. H. HAACKE.

* [Referring to Kiaer's work.]

JUNE. *Fallende und Steigende Stücklohnsätze*. Prof. HASBACH. *Beitrag zur Theorie des Wirtschaftlichen Wertes*. THEODOR GINGER.

JULY. *Die englische Zensus, 1901*. O. MOST. *Die deutsche Börsensteuer*. O. WARSCHAUER.

In the *Zeitschrift für die gesamte Staatswissenschaft*, 1905, No. 8, the working of the German legislation relating to the money market is handled by Dr. W. GERLACH.

Zeitschrift für Volkswirtschaft (Vienna).

BAND XIV., HEFT III. *Die Zollfrage in England*. Dr. L. PETRITSCH. A posthumous essay (see *ECONOMIC JOURNAL*, XV., p. 298), in which the "Chamberlain programme" is condemned in all its forms, whether of common Protection or "Constructive Imperialism."

Giornale degli Economiste (Rome).

MAY, 1905. *Scuola-laboratorio di Economia e Co-operazione rurale*. M. SAMOGGIA. A. SERPIERI. *Una pagina storica: lo sciopero del II., Mandamento di Mantova*. N. MAZZONI. The history of a strike. *Monografie di famiglie agricole*. L. CAMBONI. *Della Utilità Sociale di un istituto internazionale di agrivoltura*. V. RAECA.

JUNE. *Un punto nero nella legge sull' esercizio ferroviario di stato*. A. CONTENTO. *Una pagina storica*. N. MAZZONI. Continued from the May number, and concluded. *Monografie di famiglie agricole*. L. CAMBONI. *Le entrate del Comune di Roma ed il loro naturale incremento*. L. NINA.

JULY. *L'Azione del Comune per le case popolari*. U. GOBBI. A study of municipal housing. *Capitali personali e valore economico delle emigranti*. A. BENEDEUCE. The evaluation of human capital is defended (see *Giornale*, March, 1905). *L'espansione economica e Coloniale della Germania*. M. FANNO. *Il nuovo disegno di legge sull' operazioni di Assicurazioni*. R. DELLA FEDE. *Il panificio Municipale di Catania*. P. CICERO. A supplement to the articles of December, 1904, April, 1905.

La Riforma Sociale (Turin) for June continues the controversy between Prof. ADUCCO and Prof. COLLETTI as to the effects of the corn taxes on the cultivators of wine.

Le Mouvement Économique (Bucharest), the new Roumanian journal, is issued monthly. Among many interesting articles may be noticed one on the economic condition of the Roumanian peasant, by the editor, Professor XENOPOL. Badly clothed and nourished, the prey of pellagra, burdened by the obligation to work for proprietors, the peasant is oppressed by ills which are attributed to the "organic regulation" imposed by Russia after the treaty of Adrianople (1829), and to the change from a pastoral to an agricultural economy. The *Greek Forests* are considered by Prof. ANDRÉADES.

There has appeared on the literary horizon yet another new star—or planet perhaps we ought to say, speaking of periodicals—*Kritische Blätter für die gesammten Sozialwissenschaften*, Herausgegeben von Dr. HERMANN BECK, Dr. HANNS DORN, und Dr. OTTOMAR SPANN (Verlag O. V. Böhmert, Dresden). Its object is to supply a complete international bibliography of the social sciences and critical reviews of new publications relating to that subject. The list of contributors inspires confidence.

NEW BOOKS.

ASHLEY (PERCY). *English Local Government*. (Shilling Scientific Series.) London: Black. 1905. Pp. 190.

BEKEN (G.). *The Taxation of Site Values*. London: King. 1905. 6d.

[Referring to the Report of the Royal Commissioners on Local Taxation and the Land Values Assessment Bill of 1904.]

BEST (R. H.). *The Brass-workers of Berlin and of Birmingham*. London: King. 1905. Pp. 82.

[A joint report embodying a comparison between the condition of the brass-workers in Berlin with that of the same class at Birmingham.]

BOWLEY (A. L.). *England: Foreign Trade in the Nineteenth Century*. (Revised edition.) London: Swan Sonnenschein. 1905. Pp. 165.

[Stereotyped before the outbreak of the fiscal controversy, this useful volume has not admitted of being altered sufficiently to meet the exigencies of the hour. But it is interesting to observe that many of the arguments now put forward by tariff reformers had been noted in the first edition.]

BROWN (RICHARD). *A History of Accounting and Accountants.* Edinburgh: Jack. 1905. Pp. 459.

[Mr. Brown as editor combines and supplements the contributions of several writers.]

DONISTHORPE (WORDSWORTH). *Fiscal Reform.* London: Swan Sonnenschein. 1905. Pp. 64.

[Reviewed above.]

EVANS (A. D.). *British Railways and Goods Traffic: Is the Foreigner Preferred?* "Birmingham Journal" Printing Office. Pp. 56.

HIRST (F. W.). *National Credit and the Sinking Fund: How to Make £500,000,000.* London: Fisher Unwin. 1905. Pp. 19.

[The millions wasted on military "works," if applied to the reduction of the National Debt, would raise the capital value of consols, and by sympathy that of other first-class securities, by the huge amount specified.]

MACDONALD (J. RAMSAY). *Socialism and Society.* London: Independent Labour Party. (Socialist Library.) 1905. Pp. 185.

[Land must be nationalised and capital owned by the Community. "But Socialism would not destroy special groups like Trade Unions, the Church, the Family."]

MEAKIN (B.). *Model Factories and Villages: Ideal Conditions of Labour and Housing.* London: Unwin. 1905. 8vo. Pp. 480. 7s. 6d.

PHIPSON (C. B.). *Britain's Destiny—Growth or Decay: Being Outlines of the "Redemption of Labour" and "The Science of Civilisation"* by the late C. B. P. Edited by B. F. MAJOR. London: Cassell. 1905. Pp. 204.

POLLOCK (D.). *The Shipbuilding Industry.* London: Methuen, 1905. Pp. 199.

RATT (A. E.). *Railways and their Rates. With an Appendix on the British Canal Problem.* London: Murray. 1905. Pp. 361. 5s.

[Partly republished from articles which appeared in *The Times* last autumn.]

TARBELL (IDA M.). *The History of the Standard Oil Company.* London: Heinemann.

American Economic Association. *Papers and Proceedings of the Seventeenth Annual Meeting. Part II.* New York: Macmillan Co. Pp. 265.

[This part contains papers on railway rates, on railway taxation and—by Professor Flux—on the question whether reciprocally preferential tariffs tend towards free trade.]

BANKS (ENOCH M.). *The Economics of Land Tenure in Georgia.* New York: Columbia University Press; London: P. S. King. Pp. 142. 4s.

BERNHEIMER (C. S.) and Others. *The Russian Jew in the United States.* Philadelphia: The John C. Winston Co. 1905. 12mo. Pp. 450. \$2.

CLEVELAND (F. A.). *The Bank and the Treasury.* New York: Longmans. 1905. 8vo. Pp. 326. \$1.50.

DEALEY (JAMES QUAYLE) and WARD (LESTER FRANK). A Text-book of Sociology. New York: Macmillan Co. 1905. Pp. 326.

[Based on Dr. Ward's *Pure Sociology*, this text-book treats of "the law of parsimony," "cosmic dualism," "sympodial development," "social karyokinesis," and other vague abstractions.]

ELY (R. T.). The Labour Movement in America. (New edition, revised and enlarged.) New York: Macmillan Co. 1905. Pp. 399.

GROAT (GEORGE G.). Trade Unions and the Law in New York. Columbia University Press; London: P. S. King. 1905. Pp. 134. 4s.

KAYE (P. L.). English Colonial Administration under Lord Clarendon, 1660-1667. Baltimore: Johns Hopkins Press. 1905. Pp. 150.

KRAMER (STELLA M. A.). The English Craft Guilds and the Government. New York: Columbia University Press; London: P. S. King. 1905. Pp. 147. 4s.

[“An examination of the accepted theory regarding the decay of the craft guilds.”]

LEVASSEUR (E.). Elements of Political Economy. New York: Macmillan. 1905. 12mo. Pp. 316.

[An excellent translation.]

McKEAG (EDWIN C.). Mistake in Contract. New York: Columbia University Press; London: P. S. King. 1905. Pp. 132.

[“A study in comparative jurisprudence.”]

MUSSEY (H. R.). Combination in the Mining Industry. New York: Columbia University Press; London: P. S. King. 1905. Pp. 167. 4s.

[“A study of concentration” in the production of Lake Superior iron ore.]

ROSS (E. A.). The Foundations of Sociology. New York: Macmillan. 1905. 12mo. Pp. 410.

[Reviewed above.]

SMITH (J. RUSSELL). The Organisation of Ocean Commerce. (Series in Political Economy and Public Law.) Philadelphia: The University. 1905. Pp. 155.

[A concrete study based largely on direct observation, private correspondence and personal interviews. The writer's position on the Isthmian Canal Commission was favourable for such a study.]

WELLS (H. G.). A Modern Utopia. New York: Scribners. 1905. 12mo. Pp. 392.

[The original author's idea of an Utopian money based on the unit of mechanical power is curious; his tirade against the economists of this world is amusing.]

Association nationale Française pour la protection légale des Travailleurs. La durée légale du Travail. Paris: Alcan. 1905. Pp. 390.

[Reports by MM. Fagnot, Millerand and Strohl.]

EICHTHAL (E. D'). Correspondance inédite de J. Stuart Mill avec G. d'Eichthal (1828-1842, 1864-1871). Paris: Alcan. 1905. 8vo. 2.50 fr.

GIDE (C.). Économie sociale. Les institutions du progrès social au début du XX^e siècle. Paris: Larose. 1905. 12mo. Pp. 465. 5 fr.

MÉLINE (J.). Le retour à la terre et la surproduction industrielle. Paris: Hachette. 1905. 16mo. 3.50 fr.

[By the former premier and minister of agriculture.]

NICEFORO (A.). Les classes pauvres. Recherches anthropologiques et sociales. Paris: Giard et Brière. 8vo. 8 fr.

[An attempt to study the poor anthropometrically.]

PALLAIN (JACQUES). Les changes étrangers et les prix. Paris: Guillaumin. 1905. Pp. 170.

[Testing and verifying the Ricardian theory of the subject the writer maintains, against current fallacies, that "all the depreciated money in the world wouldn't have produced a bushel of wheat without work."]

RONCE (P.). Frédéric Bastiat. Sa vie, son œuvre. Paris: Guillaumin. 1905. 18mo. Pp. 316. 3.50 fr.

SCHMOLLER (Prof. G.). Principes d'Économie Politique. Première Partie. Tome II. Traduit de l'Allemand par G. Platon. Paris: Giard. 1905. Pp. 601.

CALWER (RICHARD). Jahrbuch der Weltwirtschaft. Jahresbericht über den Wirtschafts und Arbeitsmarkt. Jena: Fischer. 1905. Pp. 283.

CONRAD (J.). Grundriss zum Studium der politischen Oekonomie. I. Teil: Nationalökonomie. 5. ergänzte Auflage. Jena: G. Fischer. 8vo. Pp. 420. 8 m.

FUCHS (Prof. CARL J.). Zur Wohnungs Frage. Leipsic: Duncker, Humblot. 1905.

[A collection of papers (Vorträge und Aufsätze) in two parts, of which the first is a contribution to the history and theory of the subject; the second deals with the communal housing reform in England and Scotland.]

GUMPOWICZ (L.). Grundriss der Soziologie. Zweite durchgesehene und vermehrte Auflage. Vienna: Manz. 1905. 8vo. Pp. 400. 8.20 m.

KOWALEWSKY (M.). Die oekonomische Entwicklung Europas bis zum Beginn der kapitalistischen Wirtschaftsform. Band III. Berlin: R. L. Prager. 1905. 8vo. Pp. 508. 7.50 m.

[A translation from the Russian. This volume treats of English, German, Spanish, and Italian economic institutions in the second half of the Middle Ages.]

KIAER (A. N.). Statistische Beiträge zur Beleuchtung der ehelichen Fruchtbarkeit. 3 Abschnitt. Christiania: J. Dybwad. 1905. 8vo. Pp. 232, charts. 8.75 m.

MARSHALL (ALFRED). Handbuch der Volkswirtschaftslehre. Band I. Übersetzt von H. EPHRAIM und A. SALZ. Mit einem Geleitwort von Luigi Brentano. Stuttgart: Cotta. 1905. Pp. 717.

[In the "introductory word" which Professor Brentano prefaces to the German translation of the *Principles of Economics*, he attributes the high esteem in which this foreign work is held by German teachers to its comprehensiveness. Covering as it does all the ground, it supplies a want felt by specialists. "Marshall's treatise unites in the happiest manner the advantages of independent research with a loving regard for the achievements of his predecessors in the evolution of economic thought, and with a good will towards the work of his contemporaries derived from a truly scientific spirit which recognises truth wherever found."]

RICARDO (D.). Grundsätze der Volkswirtschaft. Leipzig: W. Engelmann. 1905. 3 vols. 8vo. 8.60, 11 m.

[A second revised edition of Professor Diehl's commentaries on Ricardo. Vol. I. consists of the old translation of Ricardo's *Principles* by Baumstark, and Vols. II. and III. contain Diehl's elaborate commentaries on the text.]

THIELE (OTTOMAR). Salpeterwirtschaft und Salpeterpolitik. Tübingen: Laupp. 1905. Pp. 237.

[The fifteenth supplement to the *Zeitschrift für die Gesamte Staatswissenschaft*.]

ZORN (DR. KONRAD). Tilgung von Staatsschulden. Tübingen: Mohr. 1905. Pp. 121.

FAINA (E.). Dei guadagni e dei consumi dei Contadini nei paesi di Mezzadrie. Roma: Nuova Antologia. 1905. Pp. 32.

[The writer, a *metayer* proprietor, endeavours to ascertain the remuneration obtained by the members of a tenant family.]

GRAZIANI (G.). La emigrazione italiana nella Repubblica Argentina. Turin: G. B. Paravia e C. 1905.

NINA (L.). La teoria del lotto di stato. Turin: Fratelli Bocca. 1905. 4 l.

RABBENO (A.). Manuale dei Consorzi di ditesi del suolo. Milan: Hoepler.

SCHERMA (GUISEPPE). La teoria economica della co-operazione. Vol. I. Palermo: Reber. Vol. I.

SUPINO (CAMILLO). Principi di economia politica. Naples: Piero. 1905. Pp. 551.

[A revised and enlarged second edition of a well-known work.]

Lo "Zollverein" italo-francese e gli Stati Uniti d'Europa. Bologna: 1905. Pp. 71.

[A proposal for a fiscal union between Italy and France as a joint nucleus of the "United States of Europe."]

THE ECONOMIC JOURNAL

DECEMBER, 1905

NOTES ON IMPORTS *VERSUS* HOME PRODUCTION, AND HOME *VERSUS* FOREIGN INVESTMENTS

At the back of a good deal of Protectionist theorising, sometimes expressed avowedly though in rather a loose way, lies the notion that imports from foreign countries *pro tanto* take the place of production at home, and that obviously a nation would be so much better off if it produced what it imports. Not every kind of import, it would be said, if the question were pressed, as there are so many things wanted in every country which it could either not produce at all or only at a prohibitive cost; but the sort of articles of import which the industry of the country is already able to produce or could easily be adapted to produce. The distinction, however, is not always clearly made, and the argument theoretically extends to all imports. The question whether the production of articles of export in order to buy the imports does not come to the same thing as the production of the articles imported does not appear even to be considered. Similarly the production of articles for exportation as the means of making foreign investments is regarded as obviously less advantageous to a community than the production of articles as the means for investment at home. We should be so much better off, it is assumed, if the production for investment were to be all for investment at home. Hence, in accordance with these ideas, we have proposals to shut out foreign goods "which can be made as well at home," and to discountenance foreign investments—essential characteristics of a policy of protection for home industry. It is these underlying ideas of Protection which I propose to consider at present. Even if they were well founded the case for Protection would be faulty, because the objections to a Protectionist policy are manifold, even granting

the soundness of such underlying theories. But for the present I propose to look at the theories or assumptions themselves. Is the production of articles required for consumption in itself more beneficial to a community than the production of articles for export with which these may be bought? and if so, why? Is investment at home more beneficial than investment abroad? and if so, why?

In a certain sense I should be prepared to answer both questions abstractly in the affirmative. It is conceivable that if a Government could absorb to itself an ever-increasing proportion of the world's production, with the population required for that production, the nation under that Government would be stronger proportionally than it would otherwise be. This is an obvious truism, although it is equally obvious that the perpetual attraction of production and population to any one country is not within the realm of practice and would, if attempted, involve the greatest absurdities and contradictions. Similarly, the retention of all growing capital for investment at home, if the home investment were as profitable as the foreign for which it is substituted, would go to the strengthening of the State. Unfortunately for these arguments the strengthening of the State is not what Protectionists have in their mind when they argue against imports as replacing home production or against foreign investments taking the place of home investments. They are not thinking of the force of States and Governments in the aggregate, though some have done so, for instance, M. Thiers in France, and Sir John Macdonald, the great Protectionist Premier in Canada, who were quite prepared to build up a self-contained State as the best politically, regardless of the loss or the risk of loss to citizens individually by the Protectionist measures adopted. What Protectionists are usually thinking of, on the contrary, in this connection is the wealth of the individual members of the community. We are all to be individually richer, they assume, by the diminution of imports from abroad, home production replacing them, and by the cessation of foreign investments. There would still remain the question, even on the admission now made, whether a policy of Protection would secure the end of strengthening a nation in the aggregate, assuming that object to be desirable and to be desired, apart from individual welfare; but that is not the point now before us, which is strictly confined to the notion that a community will be more prosperous individually than it is at a given date if its imports and foreign investments diminish as from that date.

I.

* Stated in this way, can it be thought possible that these ideas at the back of Protectionist theory have a foundation of any sort?

To begin with, and to take first the question of imports *v.* home production, what occurs to me is that it is a negation of the doctrine of the division of labour to say that it pays a man better to produce the things which he wants to consume than to produce articles with which he may purchase the things he wants. As Cobden explained long ago in his speeches, we are all individually "exporters" and "importers." We export the fruits of our individual industry to the most convenient market, and we import from numerous shopkeepers and labourers the articles or services which we desire to consume. What is true of individuals, however, is of course as true of many or of a group. Always the advantageous course, in communities where there is division of labour, is for individuals, few or many, to find out what they can best do that other people will pay them for. There are, no doubt, difficulties of adjustment. Markets are not to be found without an effort, and so many people believe that they have a natural right to employment in doing what is easiest for them, or what they happen to have learnt. But there is and can be no other rule in a *régime* of competition than that each individual should look out for himself and devote himself to the most remunerative saleable work of which he is capable. We must all be "exporters" in order to be "importers," and this rule is conducive to the highest possible amount of production and the best welfare of the individual.

Clearly, too, this rule must apply to imports from foreign countries as well as to what we may call "imports" from neighbours at home. In buying from abroad we are doing exactly the same thing that we do in buying from neighbours. In either case we "export" the products of our industry so that we may "import" from others, and individually we are most prosperous when we are let alone in the business and are not compelled to expend what we receive in exchange for our production in any but the most advantageous way. There is a peculiar glamour apparently about the words "foreign trade" which makes Protectionists imagine that something occurs when goods come from over a political frontier which does not happen when they come from a place inside the frontier. But a great deal of trade commonly called "home" would really come under the

classification of "foreign" if we looked at physical geography and economical boundaries, instead of political boundaries only. We in London are supplied from Manchester, from Yorkshire, from Ireland, from Scotland, just as we are supplied from Belgium, or Holland, or Denmark, or France, or the United States. In the one case we are doing what is called "home," in the other what is called "foreign," trade; but the trade is exactly of the same character, being external in both cases to the smaller community of London to which we belong. Can anyone say that the internal trade of London is more profitable and indispensable than its external trade, and that that part of the external trade which is carried on with France and Denmark differs in any way *au fond* from that which is carried on with Ireland or Scotland? In both cases it is most profitable for us to import what we want from the best markets available, having sold what we had to "export" to the outside world to the best advantage we could. For what imaginable reason, if it were possible, should we try to produce in London the butter of Ireland or Normandy or Denmark, or the cattle of Scotland or the United States? or for what reason, because it is called foreign, should the Government exclude us from buying the produce of France or Denmark and confine us to Scotland and Ireland, when it would be cheaper, and therefore more profitable, to buy from the former and not the latter?

The suggestion usually made, as far as I can find anything that looks like argument, is to the effect that if individuals or a particular community "import" from a place inside the political frontier they buy from people who help to support the same Government, and thus obtain an indirect return which they do not get when they buy from people outside the political frontier. This is not very clearly expressed, because a new term is introduced, that of taxation; but the innuendo is that we shall have less taxation than we should otherwise have if we maintain people inside our political frontier to produce articles at a greater cost than we can buy them elsewhere, because the people inside the frontier are fellow-taxpayers with ourselves and the people outside the frontier are not. The obvious reply, however, is that while the burden of maintaining these weak producers is a real tax of a formidable kind, there is no certainty of their contributing to the common taxes a larger sum than they receive by way of the extra price of their produce, or even an equal sum, while their position as engaged in a feeble industry which exists in greater strength elsewhere is a source of weakness to the poli-

tical organisation which maintains them, of which an illustration is given at the present moment by the precarious condition of the agrarian industry in Germany, constituting a formidable danger to the State. In any case, if any industry is to be maintained within a political boundary for the reasons alleged, the direct course of openly subsidising it out of the taxes on more prosperous industries would surely be the simplest, and would enable the country to consider what it is doing and whether it really gets a *quid pro quo*. There is no need to interfere with the ordinary course of buying and selling, of "importing" and "exporting."

Many questions of detail and many so-called exceptions are discussed, so as to mitigate the force of the rule that imports instead of displacing production at home *pro tanto* merely imply that there is an equivalent production at home—that there is exchange and nothing more. An exception is supposed to be made by the fact that imports from abroad come to us in payment of the interest or capital of debts which foreigners owe to us. But obviously this is no real exception, any more than it is an exception to the rule of paying for what we consume by what we produce that some people are able, as it is said, "to live on their money." What these happy people do is to buy with what is already their own so that they do not require to produce. They are so much richer and the rest of the world is so much poorer. But the general rule remains, that the mass of people either wholly or in part must produce in order to buy, and if they buy or import there must be answering production and sales to meet their purchases. Always, too, it is more profitable to produce what people can make best and sell than to attempt producing everything for ourselves, however large we may be politically, whether the "everything" can be produced advantageously or not. Other so-called exceptions will occur, and it is only too easy to lose oneself in a labyrinth of special cases and details. But nothing for nothing is a good rule in all business, in international as well as other business, and, speaking broadly, we can affirm in the most absolute manner on mathematical grounds that the imports, whatever they are, correspond to an equivalent home production, and that the choice is not between producing the things imported and no production at all, but between producing the things with which the imports are bought and producing the things wanted themselves.

The Protectionist argument goes into great detail and appeals to the alleged facts of business to show that some home industries

are weakened and finally destroyed by foreign competition, usually affirmed also to be of an illegitimate description. These are of course worth examining when popular arguments are concerned, and there is much excellent Free-Trade literature in which these Protectionist arguments are examined and proved to be erroneous in detail. But it may suffice to point out here that in a scientific argument it does not count to mention various industries which have more or less gone to the wall in a particular country, and assume that the cause is foreign competition which would not have operated but for the absence of artificial checks to imports, and—what is just as important logically—that the community, when a balance is fairly struck, is a loser by the process in the sense that each member of the community is so much poorer on the average. On the contrary, proof must be furnished that the diminution of some particular industries has not been accompanied by the growth of industry as a whole, and that industry has been less profitably employed in making the articles with which the imports have been bought than it would have been in making the imported articles themselves and so dispensing with the importation. I am not aware of any Protectionist attempt to pursue the argument on to this ground. There are arguments of a political kind directed to prove that certain industries are for various reasons specially needful to an independent community, and that a country may lose such industries, or not develop them sufficiently for its safety, by a system of absolutely free imports—arguments which may have a certain validity in hypothetical circumstances, as already admitted; but there are no arguments that the individual members of a community would be more prosperous on the average by restricting free competition. As a matter of fact it has likewise been abundantly demonstrated, I believe, that in many cases, such as sugar-refining, the country has gained far more by the development of industries dependent on cheap imports than it could possibly have gained by the maintenance of the industry displaced by foreign competition. But such demonstrations are not required to overthrow the argument of Protectionists, as the onus of proof is with them.

The difficulty of proof, if they attempted it, would be enormous, so overwhelming, indeed, that it will certainly never be attempted. Industries decay for many reasons as well as foreign competition, and the proof must show not merely that there has been foreign competition and that a particular industry has decayed, but that foreign competition is *the* cause and that there is no

other adequate cause. In a great country with manifold industries and with incessant changes going on in human demands and in manufacturing processes, how is any such proof to be procured? Of course, if there could be such a proof the question would remain, How is the farther proof to be procured that if the country has lost in one direction it has not gained in others more than to make up the loss? But even on the threshold of the argument our Protectionist friends would stumble.

Protectionists equally rely on the alleged development of certain industries in foreign countries by means of this very process of checking the free imports of like articles which we are asked to imitate. The United States, it is affirmed, has developed its iron industries, its cotton and woollen manufactures, its manufacture of tin-plates, and so on, by means, in the first instance, of heavy duties restricting importation. Germany has done the like, and France and Germany also maintain their agrarian industries by the method of duties on agricultural products which we have refused to adopt. To this the obvious reply is that the argument is faulty logically in not proceeding to the farther step of proving that the industries in question in such Protectionist countries would not have been developed or maintained in a more profitable manner for the community if the restrictions on importation had not existed, and that the development of other industries for the making of articles with which to buy the imports has not been checked. It is the farther step which the Protectionist argument always fails in. It is difficult to see, however, in what way an average American, say the farmer in Dakota, gains in any form by having to purchase dear manufactures from Massachusetts or Pittsburg, rather than cheaper articles from the Tyne, or Manchester, or Yorkshire; or in what way a Canadian farmer in Manitoba gains by buying dear from Toronto or Quebec what he could obtain more cheaply from Glasgow or Leeds. Similarly Germany does not seem very comfortable with its duties on necessities of life, or France with its stationary shipowning and shipbuilding notwithstanding bounties designed to develop them. But no demonstrations on the point are required from Free-Traders. As already remarked, the onus of proof is on Protectionists, and they hardly realise what they have to prove.

Then there are all the various cases of dumping. Our industries, it is alleged, are not merely exposed to the free competition of normal foreign industries, but they have to contend with fitful and spasmodic interferences when foreigners "dump" a surplus

on our markets and upset the ordinary conditions of business. To cultivate a market, or to prevent some other market being swamped of which he happens to possess a monopoly, or to get rid of bankrupt stocks at slaughter prices, the foreigner sends goods at prices which are ruinous to the home producer of like articles. There is consequent injury of a grave kind to some producers at home without corresponding gain to the rest of the community. But apart from the exaggeration incidental to all such statements, can it be said that such "dumping" from abroad is in any way different from ordinary incidents in all home competition? Liquidation sales, or clearing sales, at prices much below normal or average, are the ordinary features of shop-keeping, as anyone may see who walks along Regent Street or Oxford Street or Piccadilly, or the streets of any great city. So also are sales below cost price in order to make a market, or sales of leading articles, like sugar by grocers who count on making their profit on sales of tea to the customers whom cheap sugar attracts. A more recent illustration of leading articles in business has perhaps been given by the *Times* in its offer of the advantages of a book club as a means of inducing intending members to become subscribers to the *Times*. "Dumping" is no other than an artifice of competition, and it is hardly a special evil to be dealt with in a question of the policy of restricting imports. It belongs rather to the category of what the State may be called on to do for the protection of individual interests when they are threatened by exceptional mischiefs of a specially grave character, such as earthquakes or inundations, or fires on a large scale. The question of a policy of restricting imports and that of free trade is hardly to be determined by passionate arguments and prejudices excited by "dumping."

There is accordingly no argument to support the Protectionist contention that imports *pro tanto* displace production at home. The statement is almost a contradiction in terms. They may displace some sorts of production, but only because they have stimulated other production, that is, production of the articles necessary to purchase them.

II.

We come, then, to the second notion at the back of Protectionist theorising, viz., the special value of home compared with foreign investments, so that it becomes wise for a State to favour the home and discourage the foreign, instead of leaving the busi-

ness quite free. We must put out of sight for the moment the political arguments by which such action of the State may be justified in special cases—the expediency of building up a self-contained State for defence purposes and the danger that in a national emergency the foreign investments may not be available for taxation and other national purposes. What we have to do with now is the belief that home investments, apart from the question of their direct remunerativeness to the investor, benefit the community in a way that foreign investments do not. The supposition seems to be that by limiting investments to the home market the employment for labour at home would be larger than when investment goes on abroad. The money, say, that now goes to employ labour in South America, because railways are being built there, would be devoted to employing labour in building railways and similar works at home. Afterwards the permanent works constructed would create employment for labour at home in working them, in place of employment in a foreign country which would give no advantage to home labour. Such ideas seem plausible enough at the first blush, though it does not follow of course that in an industrial community like that of Great Britain the direction of industry can be changed easily in the way suggested even if it is thought desirable.

A little reflection may show, however, that the matter is really more complex than appears on the surface. (1) As to the employment of labour in making the foreign investment. It may be quite true that in making a foreign railway some labour is employed locally in a foreign country, and that in a corresponding investment at home the local labour employed would be in the country of the investors themselves. But it must not be supposed that the whole of the labour is of this kind. On the contrary, much of the labour that goes to the construction of a railway in South America is engaged in the manufacture of rails, girders, machinery, and other ironwork which are the products of the industries of the investing country, while the payment of the local wages in the South American country leads to the export of many varieties of manufacture which also give employment to the industries of the investing country. The local labour of the country of investment is bought with the produce of the labour of the investing country. In effect, then, the foreign as well as the home investment may give occasion for very much the same amount of employment in the investing country. (2) An increase of the demand for labour at home beyond a due proportion to the normal arrangements of the community may not be so

advantageous as it appears at first sight, as it would necessarily lead to a congestion of the labour market and to immigration, leaving the workers at home in much the same position as if the labourers directly employed had been in the foreign country itself. Assuming the home investment to be equally profitable with the foreign investment, such an immigration, if there were no other drawbacks, would add to the force of the investing country, but the individual members of the community on the average would not be gainers; and it is to their hope of gain that the Protectionist appeals.

Next, with regard to what happens when an investment has been made, it does not appear when analysed that a productive investment at home provides any more employment for labour at home than a similar investment abroad, assuming them to be equally profitable. The supposition here seems to be that the existence of permanent works requires local labour to carry them on, so that such works, if fixed in the investing country, create a larger market for labour in that country than if such works are fixed abroad; but if there is really a larger demand for labour than there would otherwise be, then there must be immigration, just as there would be, as above explained, in the construction of the works themselves. No doubt the argument is often carried on on the assumption that there is an immense margin of unemployed labour at home waiting to be employed if the State can only give the right direction to the forces at its command; but there is no such margin in a country like England, where so many of the unemployed are really unemployable, or only employable in some limited directions and not in due proportion to the various industries of the community. Whether, therefore, the new works created by investment are at home or abroad hardly affects the labourer, as he profits either way.

Practically the only real question as between home and foreign investment is their relative profitableness. Investment in a foreign mine which pays 20 to 50 per cent. must be a better thing for the capitalist, and give him more power of employing labour, than if he were to get 5 per cent. or less from a home investment. *Mutatis mutandis*, it must be the same with all other investments, and as foreign investment would not go on, except for its greater profitableness compared with home investment, the question is really settled. No doubt the return on the foreign investment does not always come home. It may be saved and re-invested abroad. But the more the foreign income increases, the better must it be for the investing country, as much of the income will not only come home, but come home in such

forms as to give employment for labour. The *rentier* class may give a new direction to home industry, and by raising wages in some directions make it difficult and embarrassing for some home manufacturers not alive to the changes going on around them ; but a rich class at home living on its foreign income is, on the whole, a desirable class for a country to possess, both from the point of view of the economic welfare of the individual and the point of view of the Chancellor of the Exchequer.

A further consideration in favour of foreign as against home investment, after the primary home demands have been satisfied, and at any rate against any artificial measures to prevent capital going abroad, is the mischief that would arise from the pressure to invest in home securities, and the consequent rise in their price and fall in the rate of interest. These consequences are occasionally serious even in free markets in certain conditions of business, as was evidenced not so long ago at the time of the Goschen conversion. But to have them produced artificially and aggravated in the way suggested opens up a prospect not to be contemplated without alarm. The existence of a field for investment abroad is to be welcomed as a relief for a plethora that would be dangerous, and as tending to stimulate saving by providing an adequate return with advantage to the whole community.

We conclude then that the Protectionist assumption as to the superiority of home investments is unfounded ; and that any artificial policy based on that assumption and tending to hinder the capitalist in the free selection of his investments is injurious to individuals and the State.

To sum up. The Protectionist hypotheses we have discussed, apart from other arguments as to the impossibility of carrying out a Protectionist policy without disturbance, loss, and inconvenience, are fundamentally unsound. It is not true that imports of any kind displace home production, because what competition may displace in one direction is compensated by a demand in another direction, and by the greater profit to the community from buying in the best market as compared with the purchase of the dearer article from the weaker home competitor. And it is not true that investments at home, other things being equal, are better for the community as a whole than investments abroad. Politically there may be reasons for interference on cause shown, always at the risk of the community suffering some loss for the sake of the political end ; but economically it is always best for the State to ignore the Protectionist assumptions and to let imports and exports alone.

ROBERT GIFFEN

MODERN LOGICIANS AND ECONOMIC METHODS.

THE close of the nineteenth century was remarkable for certain changes in modes of inquiry which attracted much attention. It was a time in which the standards of exact knowledge had risen. Research, both in science and in scholarship, had progressed greatly, and the sum of knowledge had greatly increased. The necessary equipment of the specialist had grown enormously, and he was a bold man who ventured to publish any result of research without having given years to his work. The days of Lord Brougham have passed, apparently for ever. Even in the field of popular science the altered attitude is apparent. The recent address at Cape Town of the President for this year of the British Association contrasted notably with that of Professor Tyndall, delivered at Belfast on the same topics a generation earlier. That of 1905, like the address of Mr. Balfour, the President in 1904, was characterised by caution, and by the sense of the relativity and limits of knowledge. No wise man thinks to-day that he knows a great deal even of what is knowable.

But heightening standards of thoroughness in research and of care in generalisation are not the only changes which the close of the nineteenth century witnessed.

Men have come to realise more definitely than ever before the value of critical examination of the ambit and validity of the conceptions or categories under which generalisations have to be made. They see more clearly that the uncritical adoption of a defective point of view inevitably leads to distorted observation. They grasp the fact that even in using the balance and the microscope hypothesis cannot be wholly excluded, and that false hypothesis is the creature of inadequate conception. And this has led to a closer scrutiny of the nature of scientific method and of logical inference. The subject is necessarily abstract and elusive, but the last twenty-five years of the nineteenth century witnessed great advances. The work was taken up at the point to which

John Mill had carried it, and was re-done with much more minuteness and a larger understanding of the real nature of what had been already accomplished by Aristotle and by the German critics of the beginning of the century. The researches into the nature of logical processes and scientific method which have been made by writers such as Lotze and Sigwart in Germany, and by Bradley and Bosanquet in this country, have lifted our knowledge to a higher stage, and have displayed the increased care and caution which accompanies heightened knowledge and is characteristic of the new period.

Modern views of the science of life illustrate what I mean. No competent physician any more treats the living body whose diseases he has to cure as if it were a machine. He recognises that this body is no mere mechanical aggregate of molecules of different kinds, capable of being displayed in its real nature under the categories of physics and chemistry alone. He rejects the notion of it either as a fortuitous aggregate or as an aggregate controlled and held together by a separate vital force. For he sees that the doctrine of the old vitalists is just as mechanical as that of the modern physicist, and is, moreover, incapable of being fitted into the results of modern physical science. These last results he accepts. But he pronounces them to be a wholly incomplete account of the actual biological and physiological facts before him. They are true, but they are not the whole truth. The geometer is entitled to assume perfect circles and squares, although there are none such in his object world. The value of his abstract and unreal constructions is that they enable him to isolate certain very general aspects of quantitative existence and to determine the principles under which these aspects obtain. In isolating these aspects he constructs not actual pictures but abstractions—abstractions which he is careful to say represent certain necessary ways of regarding reality, but not all the necessary ways, and much less reality itself. He tells us that it is from ignoring this truth and confounding abstractions with reality that we fall into such contradictions as appear, for instance, in the old puzzle of Achilles and the Tortoise. The scheme of the geometer is thus true, but not the whole truth. Moreover, it is wholly inadequate to a world to which colour and morality and endless other phases belong as equally real with the relations of space and time. So with the physicist. His matter and motion are abstractions in which the rich world as it seems in all its fulness is reduced to homogeneity, in order that it may be made capable of quantitative treatment. When the abstrac-

tions are taken as realities they lead us inevitably into paradoxes and contradictions as great as those which the pure mathematician has to explain as the necessary outcome of his special abstractions. For the physicist a whole can never be regarded as having any other meaning than as an aggregate of units external to and independent of one another. Now let us see whether this conception, useful as it is to the biologist in so far as he has to employ the methods of physics and chemistry in many stages of his work, is sufficient for what is characteristic of biology. Plainly not. The biologist's fact and point of departure is the living organism. And this confronts him as a whole which develops from birth to death, *quasi*-purposively, if not purposively. It passes through stages in accordance with the principle or law of its kind. It is no mere mechanical aggregate of molecules. On the contrary, its molecules are always changing and its very nature is that it preserves itself as identically this organism amid the metabolism of its material. What is characteristic of it as real is that it acts, not under physical causation by external forces, but in fulfilment of an end, the progressive realisation of which throughout the course of its development from birth to death is that in which its identity lies. It is more like an army of soldiers or a community of citizens than a machine. It differs from these, indeed, in so far as their purpose is consciously pursued, but like them its character as a whole is incapable of adequate or true description in terms of mechanical relations. And this the modern physician and surgeon are, as has often been pointed out, more and more compelled to realise. The living body has mechanical aspects in accordance with which the knife is applied. But the knife is applied subject to recognition of the principle which is not mechanical, that the wound may heal and the skin grow again. Moreover, the living body is like a community where the obligation of mutual help is realised. Other parts take on the functions of the part which is destroyed. These and many other facts illustrate the gulf which separates the sciences of life from the sciences of mechanism. Yet the gulf is only unbridgeable when we try to get rid of one set of categories by reducing it to another. The methods of knowledge are complex, and in every department we require many categories. No science can be pursued with one only. The real world is everywhere many-sided, and some of its aspects are more generally present than are others. Quantity, for instance, as the simplest point of view which admits of difference and system, is, unlike the higher categories, almost everywhere applicable and valuable in giving us clear knowledge. Only we must remember

that when we pass from the region of the science of pure quantity into some different region, the science of which is primarily concerned with other conceptions, we are dealing with abstractions which are useful stepping-stones, but can afford us no complete or even adequate pathway to reality. There is therefore a great temptation to error against which the specialist has to guard himself. Every science tends to regard its own abstractions as more than abstractions, as exclusively descriptive of the real world. If we are aware of what we are doing we may probably make use of the category of quantity in almost every department. What we have to guard against is its exclusive use and an uncritical assumption of its adequacy to the particular phase of reality with which we are dealing. It is not only in physical science that the notion of quantity is a snare. Materialism is no worse a fallacy than is that of the theologian who represents God, not as immanent but as a numerical Other, as a Cause, for instance, outside in space. The old canons of criticism as displayed in the requirement of the unities in the drama, the vulgarity of relying merely on size or gaudy colour in art, the extravagances of the sensational novel, these and the like illustrate the misinterpretation of the real which results from undue magnification of the office of quantity. All science proceeds by abstraction; all abstraction takes place by exclusive attention under the guidance of particular conceptions or categories: a sufficient criticism of categories is therefore indispensable in the search after truth.

Let us now look at the bearing of these preliminary observations on the science of political economy. It has been said that while statesmen are arguing, love and hunger are governing mankind. That is true if it means that love and hunger stand for potent desires to satisfy wants. They give birth to tendencies—tendencies which, just because they are more or less the tendencies of every individual, are everywhere operative. Therefore, if mankind is taken in the mass, love and hunger form data from which action can be predicted. But such action can be predicted only partially even in the case of the mass, and hardly at all in the case of the individual. For the wants and the motives of the individual man, and even of the individual race, are infinitely various, both in character and in power. The tendencies which would swiftly disclose themselves if love and hunger were the only motives become overlaid by other tendencies. The influences of law, of morality, of religion, of custom, of patriotism, may counter-operate in the most potent fashion even with great masses of men and women; and the further civilisation removes people

from the simpler life of the brute creation, the more abstract and inadequate does the point of view based on love and hunger become. The living organism is never wholly withdrawn from the sphere of external causation, and even the physiologist must always, in a large measure, employ the methods of the physicist and the chemist. Abstract as are his methods they always yield a part of the truth even about the individual case. They indicate more than mere tendencies or probable results. But in the region of mind—of which freedom to choose is the essential feature—this is not so. Even with large bodies of people of the same race calculations based on love and hunger will only yield probable results—results that can be counted on only if a wide area of space is taken as the theatre, and a long track of time is assigned for the working out of the drama of human action. It cannot be too strongly insisted on that political economy, if it be a science based on the operations of love and hunger taken as merely animal impulses, can never be more than a science of tendencies. This fact does not detract from the utility and necessity of its methods, if these are properly understood. For its methods possess a title based on the extreme generality of the motives which they assume as governing. They are analogous in this respect to the sciences which are based on the categories of quantity. The living organism stands in relations of quantity, although these are not the whole truth about it. We have no reason to doubt that its action is strictly in accordance with the laws of the conservation of energy, although that action is everywhere determined *quasi-purposively* by the whole which realises itself in the members and is not external to or apart from them, while it yet conserves its self in the course of its development amid the metabolism of its material. There is no conflict, no inconsistency; only a larger reality than that to which the methods and conceptions of the physicist are adequate. And so it is with the citizen in his state. His life is larger and fuller than the life which is governed by merely animal tendencies. No method based merely on animal tendencies can adequately estimate his course of action. And yet the animal tendencies are there, form part of the reality, and are taken up into the larger civil and ethical life which is their truth. The law forbids the hungry man to steal food and provides for him otherwise. Marriage arises on the basis of the sexual instinct. The higher does not negative the lower. It arises out of and absorbs it in a larger whole. The justification of economic methods rests on the generality of the tendencies with which they deal, not on the adequacy or exclusive truth of

anything based on these tendencies alone. Of course, I am aware that to treat political economy as solely concerned with the consideration of such forces as those of love and hunger is to take an unduly narrow view of the science. Its survey is not confined to these motives alone. It deals with the phase of social life in which the citizen appears as struggling to make a livelihood or to preserve and administer his property. The system of industry and of business which is thus involved may be very complex, and far removed from the primitive conditions in which all that was in evidence was the satisfaction of simple wants. The state, the community, the common rule, the organisation of intelligence, all play their part in it. But what is characteristic of this standpoint is that it excludes the contemplation of ends and aims which do not belong to the sphere of calculation and self-interest. The set of tendencies thus brought by abstraction under exclusive scrutiny is a very real one. It can no more be ignored by the moralist, the jurist, or the churchman than can the tendency to reduce to quantitative and mechanical formulæ be ignored by the biologist. The tendencies in question, though checked in widely varying fashions in individuals, operate when the question is of the action of great masses of mankind. They are not the only great tendencies that operate. Religion and patriotism operate at times at least equally powerfully. But the method of political economy, like its prototype, that of the geometer, enables highly complex appearances to be reduced to principles in a fashion which casts light on the probabilities of the future, as well as the significance of the present. The only danger of such a method is that, as in other cases where abstractions have to be made use of, those who employ it sometimes forget that it is compelled to take a partial, and to that extent unreal, view of the concrete riches of human life in society. But it is not really materialistic, for there is no true gulf between the phases which it isolates and other phases of the human mind. Neither in their nature nor in their mode of impulse can what are called economic facts be marked off into a region by themselves, where they stand in antithesis to other motives of action. Human nature is really one and indivisible, just as the living body is not the less a living body because it conforms to the principles of the conservation of energy and the indestructibility of matter. Politics cannot be reduced to physics, but it is a false abstraction that establishes a gulf between the two worlds. Now it is just because of this false abstraction and its refusal to recognise frankly the full reality of the world as it seems that

political economy has got the name of the dismal science. There is really nothing more dismal about it than there is about any other science which seeks to obtain accurate knowledge of facts and to arrange them in an order. After all, it was Mephistopheles and not Faust himself who said to the student: "Grau, theurer Freund, ist alle Theorie, Und grün des Lebens goldner Baum."

Theory in some form comes and must come into every department of life and practice. It is not only of economic science that it is true that its theories are good servants but bad masters. Of their value when applied with the due caution which comes from a proper knowledge of their limits there can be no doubt. They enable us to take a far wider survey of the whole than would be possible without them. But we revolt when they are set up as the exclusive tests of what is real, in what was apparently the spirit of Marx and of Buckle. We feel that such writers take as narrow a view of the origin and significance of human society as did Voltaire and his school of Christianity. Here as elsewhere the historical method has been a sure corrective.

Consideration, then, of the true nature of economic method seems to show that in its broad features it is no more open to criticism than are the methods of mathematics and physics. All three are abstract, in the sense of shutting out, in order to gain clear knowledge, all aspects which are not relevant to the immediate purpose. All three are therefore confined in their results to strictly limited views of the concrete reality which is of the essence of experience. And what really distinguishes economic method from the other two is that, as I have already pointed out, it is concerned with a set of motives which, however generally operative, are never the sole motives of conduct. It is therefore, in a sense which is not in the same fashion characteristic of the others, a science of tendencies only. It is no doubt true that some of the greatest economists, recognising this, and being desirous of redeeming their silence from the reproach of taking account only of partial truths, have imported into their treatment of current problems other considerations. Adam Smith's defence of the old Navigation Laws is one instance of this. But however valuable such excursions have been in recalling students to a consciousness of the limited character of the inquiry on which they are engaged, it has generally happened that some confusion has been the result. Even so great a writer as Friederich List leaves us in doubt as to what he is really about.

A system of national political economy such as he elaborated is most valuable when it is offered in express terms as an example of the necessity of applying the historical method in accounting for particular institutions. This has been done with greater clearness by his successors, and notably by the modern historical school represented to-day in Germany by Schmoller. But what strikes one in their work is the extent to which they are forced to travel into the problem of how economic principles must be qualified by other considerations which vary with each country and generation when policy has to be framed. Their researches are necessarily of an hybrid character, not the less valuable on that account, but by no means to be taken as superseding the methods of the older economists. We may think that Ricardo and Jevons* went too far in insisting on rigidly laying down abstract maxims of practice without looking to right or left. But at least they taught men to think clearly, and their books are admirable illustrations of the strength as well as the weakness that is characteristic of every kind of scientific method.

In the address recently delivered by him at Cape Town, as President of the Economic Section of the British Association, Dr. Cunningham seems to me hardly to do justice to this truth. Speaking of the classical economists he says that they were "so much absorbed in the mechanism of exchange and the mechanism of society that they failed even to recognise that it was essentially organic." "As has been well said," he goes on, "the classical economists belonged to a pre-Darwinian age. We differ from them in our whole view of life and of the ends of life, in our whole mental method as well as in our possession of the practical experience of the last sixty years." With deference to Dr. Cunningham and to Mr. Garvin whom he quotes, it is probable that the classical economists knew pretty well what they were about. Dr. Cunningham criticises Jevons's definition of economic method on the ground that it assumed that human nature is much the same all the world over. "The laws of political economy," says Jevons, "treat of the relations between human wants and the available material objects and human labour by which they may be satisfied. These laws are so simple in their foundation that they could apply to all human beings of whom we have any knowledge." No doubt there are many different motives in the human mind, motives which vary with place and with time. Of course, the method is abstract. It can deal only with tendencies and probabilities—probabilities which become certainties only when a wide-enough area is surveyed.

But if the method is abstract, and fails to take account of aspects which Dr. Cunningham somewhat inadequately classifies as "organic," how is it less defensible and necessary than that of the physiologist who employs the methods of physics and of chemistry in his investigations of the behaviour of the living organism? Just as the physiologist thereby can gain clear knowledge which enables him to predict that behaviour in certain aspects, so the abstract standpoint which the classical economist resolutely adopts for the sake of the clear ideas which he thereby attains enables him to warn statesmen of the tendencies of certain lines of policy. All that we can legitimately require of either is that he should remember that his method is abstract. We may fall into confusion if we think that his results have been superseded.

Now I do not suggest that Dr. Cunningham himself imagines that the characteristic categories of the old economists belong properly to the lumber-room. But during the two years which have just gone past a good many people have written, and still more have spoken, in this strain. And I wish to observe that those who have done so have hardly proved themselves as emancipated and enlightened as they seem to fancy. They have only displayed confusion of thought about the true character of economic method, a confusion which, as I have already pointed out, is to-day hardly excusable in view of the light now thrown on the real nature of scientific method by modern logicians. It is difficult to see how there can be any science of economics which is not based on abstractions such as the so-called classical economists deal with. The materials which writers like List and Schmoller work up into a National Economy—in the sense of an economic study of a particular nation—belong to that particular nation. They are doubtless of great value to the statesmen of that nation, but they have little bearing on the practical problems of any other. Each country must be profoundly affected in its economic policy by its history, by the nature of the institutions which have grown up in it, by strategic conditions such as those which affect a military nation like Germany, by its geographical position, and by a multitude of minor circumstances of which statesmen must take account, and of which economists must take note before drawing practical conclusions. But considerations of this kind vary in every country and with every age, and they can neither form the basis of any general science, nor supersede the investigation of the broad economic tendencies which determine the action of mankind.

generally. No one has known this better than List and Schmoller themselves, for they are constantly reminding us that they are writing for Germans and not for Englishmen. It is easy to cite passage after passage from the former especially in which he intimates that if he were dealing with England his conclusions would probably be those of a Free-trader. He intimates clearly that his inquiry is not one of general application, but is limited to a country in the position in which Germany was when he wrote, and that he is not laying down general doctrine, save in so far as he protests that the reasoning of such writers as Adam Smith cannot, in his view, be applied without qualification to nations at the stage of merely partial industrial development. He may be right in insisting on this qualification, but even if we admit it to be true it affords no argument for applying his reasoning to other cases. All it establishes is that the circumstances of each country must be examined, and that reasoning by analogy is attended in this kind of investigation with peculiar danger. In point of fact those elements and tendencies, which are everywhere and at all times operative, and which form the only materials of the economist properly so called, are not sufficient for special inquiries of this character. It is, on the other hand, not less true that no economic principles of world-wide application can be established on a survey of circumstances which are different in the case of each country and vary indefinitely as generation succeeds generation. Perhaps this is the real reason why the majority of economists have ranged themselves against Mr. Chamberlain in his recent campaign. So far as they were concerned, his proposals might be right or might be wrong in so far as they formed part of the programme of a statesman, dealing with an empirical question of the practical politics of the moment. The argument under that head they were at all events disposed to leave to others. What they resented was the suggestion that the principles and methods of *their* science could be invoked in support of conclusions which were wholly foreign to it. Nor were they better satisfied when some of Mr. Chamberlain's supporters suggested that the methods of economic science were antiquated and stood in need of revision. Nothing, they replied, stands still in this world of change—not even the results of even the most abstract science. But no science can be safely applied to aspects of a subject-matter which lie outside its categories. To forget this is to fall inevitably into confusion of thought.

My purpose in this paper has been to recall attention to the

real character of economic method, as following from the consideration of scientific method generally, and the light which the investigation of the most modern developments of logic has cast on it. In so doing I have sought to show why it is that the science of political economy has been called dismal, and how the reproach rests on a misunderstanding not less than would be a similar indictment of the laws of digestion and of sanitation. To me it seems that the last word in the controversy, like the first, remains with the economists.

R. B. HALDANE

THREE BIRMINGHAM RELIEF FUNDS—1885, 1886, AND 1905.

THE object of this article is to compare the records of three civic relief funds, two administered about twenty years ago, and the other during the past winter; and to see if the comparison furnishes us with any useful information as to the thrift and foresight of the working classes, and the nature of exceptional distress.

These three funds do not represent the whole of the exceptional relief work of the past twenty years in Birmingham, but no records of any value have been kept of the relief funds of intermediate years. This is not to be wondered at. It is not an easy matter to keep good records of relief fund work, especially if the fund is a large one; and the reason is not far to seek. Relief funds are emergency measures, and are generally organised with a view merely to meet the emergency, and with no thought of recording for future comparison any exact information as to what was the emergency. I was a member of the executive and a district secretary during the administration of a large Lord Mayor's Fund in a Yorkshire city during the winter of 1903-4, and the official records of that fund consisted of a subscription list, an account of the tickets given out to each district, the receipts of the tradesmen for tickets honoured, and receipts for administration expenses. Of the number of families helped, of the ages, occupations, and circumstances of the wage-earners who were on relief, no record will be found. In the winter of 1904-5 I was secretary to the Lord Mayor's Relief Fund in Birmingham, and saw that means were provided for recording very much fuller information as to the recipients of relief. This fund was administered in twenty-three districts, and was an interesting experiment in the democratic distribution of relief. No one could expect from local workers relying mainly on their local knowledge, and on shrewdness rather than upon

education, any great keenness in keeping records, so that it is a matter for congratulation that though as many as 7,000 families were relieved for an average period of nearly four weeks, 22,000 grants were most carefully recorded; that in nine important and representative districts selected for an analysis of occupations, out of 3,458 heads of families relieved particulars were recorded of 3,031. In dealing with particulars of rents, ages, size of families, &c., the proportion of incomplete records was necessarily much larger, and here I have sampled the returns, being content to take 200 complete returns (in one case 150) from each of eight districts. As the fund lasted for three months these returns were taken, some from the beginning, some from the middle, and some from the end of the period, and I am satisfied that they may safely be taken to give an average result which is very approximately correct.

The main conclusion to which my comparison of figures seems to lead is that *the skilled artisans and respectable workmen generally are more provident, either through an extension of the mutual insurance against being out of work afforded by Trade Societies, or through increased private savings, than was the case twenty years ago; while, on the other hand, many unskilled labourers, and the less respectable workmen, whether skilled or unskilled, are less provident and less independent than they were twenty years ago.* If this conclusion is true, it is certainly of grave importance. It is not quite tantamount to the theory expressed in the phrase "the rich are becoming richer, and the poor poorer," unless we include amongst the rich the thrifty Trade Unionist and Friendly Society member; but it does point to an increasing moral weakening and degeneration of the inhabitants of the slums of a great city. So far as figures go there does not seem to be much doubt about the conclusion. The difficulty comes in when we attempt to assess the effect of differences of administration, and this must be our first task.

The 1885 fund was spent on relief work, while the funds of 1886 and 1905 were mainly spent on tickets exchangeable for grocery and coal. I will give some particulars of the 1885 fund, as I think its results are not without lessons for the present time, but they have little value as a standard of comparison with the results of the 1905 fund.

The Mayor's Relief Fund of the spring of 1885 amounted to £3,991, made up of £3,797 given as donations, and £194 value paid for work done by the unemployed. The first work provided was stone-breaking, and the stone-yard was opened on January

19th, 1885, and work was provided for 500 or 600 men daily, until, all the stone having been broken, the yard was closed on February 21st. Payment for the work done was made entirely in kind at a differential rate, according to the number in the worker's family, and in addition a midday meal of bread and cheese was provided for the men; the task imposed is said to have been a light one, and to have been cheerfully undertaken and accomplished without difficulty. In anticipation of the work at the stone-yard becoming exhausted, work was found for a large number of men by the Baths and Parks Committee, by the Water Committee, by the Drainage Board, and by private employers. The men were paid daily from the Relief Fund, and the value of the work done, as estimated by the Borough officials, was paid to the credit of the Relief Fund by the above-named departments. The number of days' work for the departments was 7,113, and for private employers 2,484. The receipts for work done, £194, are very small compared with the number of days' work. It is not said in the report whether £194 is the gross or net value of the work done; but we may, I think, safely assume that it represents the net value of the work after payment of supervision expenses, which would no doubt be very considerable. It is also not said whether private employers paid for work in the same way that the departments did. But in either case a return of just under $6\frac{1}{4}d.$ a day if the private employers paid nothing, and under $5d.$ a day if the private employers were charged the same as the public departments, shows how thin was the disguise assumed by private charity on this occasion.

The figures for the stone-yard are valuable, as they indicate the outstanding characteristic of this particular fund—namely, the comparatively large number of single men on relief. As apparently no residential qualification was required, and the task imposed was a light one, no doubt a great many men tramped into Birmingham on purpose to get this work. At any rate, the family statistics are so different from those in 1886 and in 1905 that, in my opinion, I have in that a sufficient justification for not using the results of this fund for comparative purposes.

The figures are as follows :—

	Number of days' labour performed.
Man (single)	1,319
Man (with wife)	1,167
Man (with wife and one child)	1,111
Man (with wife and two children)	1,248
Man (with wife and three or four children)	2,559
Man (with wife and five or more children)	1,867
Total.	8,771

This return shows that 15 per cent. of the work was done by single men. In 1905, not quite 5 per cent. of the men relieved were single men or widowers without family.

The family returns tell the same tale. They are as follows :—

Men	2,368
Women	1,799
Children	4,650
Total.....	<hr/> 8,817

which gives an excess of men over women of 569, a very much larger number than can be accounted for by the widowers. The family figures for 1886 were made up differently, but we are able to compare the average size of the families relieved in the two winters. In 1885 it was 3·7 and in 1886 it was 4·9. In 1905 the number of children in the 1,550 cases selected for analysis was nearly 2½ per family. If we make a small deduction for the cases in which only one parent was living we get an average family of 4·6 persons. We may, I think, safely take the 1886 and 1905 figures as normal with an average family of between 4½ and 5 persons, and the 1885 figures as abnormal, and due to the preponderance of single men relieved in that year. The other differences between the results in 1885 and 1886 seem to be accounted for by a marked improvement in 1886 in the iron and metal trade, a decline in the building trade, as was to be expected after long-continued depression, and by the readiness of certain classes of workers, such as jewellers, to avail themselves of the relief-tickets given out in 1886, though they would not, as a rule, take the rough work offered in 1885.

On the other hand, the results in 1886 may, in my opinion, be most usefully compared with the results in 1905. Both funds were distributed after a long-continued period of depression; both were in the main distributed in ticket relief; and in both instances a six months' residential qualification was imposed, and recent recipients of poor relief were excluded from participation in the relief distributed. The only material difference which I have been able to discover, either from the official records of the 1886 fund, to which I have been most kindly given access, or from the recollections of surviving administrators of that fund, is in the machinery employed for receiving applications for relief. The mode of procedure in 1886 seems to have been as follows:—Eight local sub-committees were formed to adjudicate on the applications, and to relieve the suitable applicants, but applica-

tions were not made in person to the sub-committees. Forms of recommendation were supplied to the secretaries of Trades Unions and Friendly Societies, to ministers of religion, and to the heads of existing relief agencies, who could fill them up and send them to the appropriate local sub-committee. Personal application could also be made to the members of a special committee which sat three times a week to take down applications and fill in recommendation forms. The recommendation form contained full particulars of the condition and circumstances of the applicant and his family, but, unfortunately, no copy of it seems to have survived. Before relief was granted the particulars on the recommendation form were verified by a visitor of the local sub-committee whose duty it might be to deal with the case. When the fund was first started it was apparently thought feasible to issue the relief tickets to the persons who had recommended the case, but in the actual working it appears that tickets were issued direct to applicants, either by a visitor or through the post, and that when recipients were no longer in need, it was to the sub-committee that they went to ask to be taken off the list of those on relief. This all tends to show that the recommender was not necessarily in close personal touch with the person recommended for relief.

In the 1905 fund there were no recommendation forms, but the normal procedure was for applicants to apply personally at the district offices, which were open, as a rule, every day in the week. Applications were taken down on application forms, from which my statistics have been compiled. The homes of applicants were visited before relief was granted, and after the first month or so particulars as to employment and wages were also pretty generally verified. Before we proceed to estimate, as best we may, the effect of the use of a recommendation form as distinct from an application form, there is one striking incident of the 1886 fund to which I would direct particular attention.

At one of the early meetings of the Executive Committee the question was raised of excluding Trade Unionists who were in receipt of out-of-work pay; but the representatives of the trade societies who were present argued that to do so would be to handicap the thrifty, and it was decided not to lay down any general rule, but to leave each case as it arose to the discretion of the local sub-committees. No records were kept of the numbers of Trade Unionists applying, but it is evident that there was no feeling that Trade Unionists were above making application. In the administration of the 1905 fund no similar ques-

tion arose, though the Trade Unionists were well represented on the committee, for the simple reason that, as far as I know, Trade Unionists did not attempt to avail themselves of the fund. Some of the applicants had certainly been members of a trade society in the past, but I do not know of any instance of an application from an actual member of a trade society. One association (the Bedstead-workers) undertook to relieve its out-of-work members during the currency of the fund, although not usually giving out-of-work pay. This was typical of the Trade Unionist attitude from the first. It is to my mind a strong piece of evidence in favour of my conclusion that the higher grade workman has grown in independence.

But this is a digression, which has, however, disposed of the differences in the administration of the two funds, so far as I have been able to ascertain them. There may also have been differences in *personnel* between the administrators in 1886 and 1905. In 1886, with only eight district committees as against twenty-three in 1905, the proportion of trained workers on each committee would probably be higher.

Let us return to the question of the effect of a recommendation form instead of an application form. A recommendation form does not appear to me to have much value as a test, because the real responsibility for refusing or granting relief, or for discontinuing it, obviously rested on the sub-committee and not on the recommender. But it would have some effect in making it easier for the Trade Unionist and the more respectable poor to send in applications. Where the method of absolutely open application is adopted, the result in the worst districts is a rush of applications from all sorts of undesirable people, and the more respectable poor stand on one side. Probably the use of the recommendation form also made it easier to refuse applicants of known bad character, which was a real difficulty in some districts in 1905. In 1886 the applicant had no right of direct approach to the sub-committee, and an applicant who was refused could never be quite sure whether the recommendation was not sufficiently favourable, or whether the report of the visitor sent by the sub-committee was unfavourable. Some of the local committees in 1905 adopted the system of giving one week's relief to the unsuitable cases rather than incur the odium of an entire refusal—an odium which was liable to be manifested in violent ways. I think we may therefore conclude that it was somewhat easier at first in 1886 for the respectable poor to apply for relief, and also easier for the committees to refuse assistance in bad

cases. But there was one difference between the two funds—the length of time during which relief was given—which tells the other way. Where a fund is open for a long while, and is well advertised, as was the case this year, the respectable poor, though they may not come in the early rush, are almost sure to be discovered, and to be even urged to apply if there is any necessity for it. Many of the local workers told me they were getting their hardest and most deserving cases in the last weeks of the fund. The 1886 fund was only open about seven weeks (February 22nd to the middle of April), while the 1905 fund was open for thirteen weeks expiring at the end of February, 1905. This extra duration of the fund in 1905 may be regarded as a set-off, so far as regards the respectable poor, to the difficulties in their way arising from the method of open application. When we have taken all these matters into consideration I think we may give the comparative figures almost their full weight.

Let us, first of all, take the gross totals :—

	Heads of families relieved.	Population.	Families (approximate).	Percentage relieved.
1886	3,365	460,000	92,000	3·7
1905	7,000	540,000	108,000	6·5

This table shows that the percentage of recipients in 1905 was not very far short of double the percentage in 1886. It is not to be imagined from this that the depression in 1905 was twice as acute as in 1886. Of that there is no evidence at all. There is, however, strong evidence of much greater eagerness on the part of certain classes to get a share of the fund. A chairman of one of the eight district committees in 1886 writes to me :—"So far as I know the loafers were not numerous, and the inquiries weeded these out." On the other hand, at a meeting of some of the district secretaries held some weeks after the starting of the 1905 fund, the following classification was made by one secretary, and not seriously impugned by anyone present :—"25 per cent. obviously genuine cases, 25 per cent. equally obviously bad cases, and 50 per cent. doubtful and requiring further testing." I have analysed the returns for eighteen districts according to the number of weeks each case was kept on the fund, and that return tells a tale in some districts of a very large proportion of undesirable recipients. I will give the figures for five districts where the average duration was under three weeks, and of two districts where the average duration was over five weeks.

CASES HELPED FOR WEEKS AS UNDER.

District.	1.	2.	3.	4.	5.	6.	7.	8.	9 and over.	Average duration in weeks.	Percentage over six weeks.	Total cases.
Deritend	298	111	89	55	43	29	24	16	16	2.7	8.2	681
Duddeston	139	80	66	47	30	48	7	—	—	2.8	1.7	417
Balsall Heath	99	36	36	26	14	11	4	9	7	2.8	8.2	242
St. Martin's	176	86	52	36	23	20	21	7	3	2.9	7.3	424
St. Thomas's	63	81	61	41	24	16	8	1	1	2.9	3.4	296
All Saints' and Rotton Park ...	9	12	25	28	25	21	22	22	39	5.7	40.9	203
St. Bartholomew's.	26	80	74	59	67	56	60	59	112	5.4	39.0	593

It will be seen that in five districts dealing with 2,060 cases, 775 were discontinued at the end of one week. In some cases, no doubt, persons on relief would get work at once, but 38 per cent. of them would not. The bulk, therefore, of the one-week cases may be taken to have been "undesirables." The only general conclusion I can draw is that during the last twenty years there has been in some quarters a serious diminution of the spirit of independence. What took the place of the spirit of independence was a sort of sense of proprietorship in the fund. Applicants came saying: "Well, it's our fund," and "We've a right to a share," and the like. The unemployed were a privileged class, and instances were met with in which partial employment was given up in order to qualify for these privileges. I need not point out how extremely dangerous to the community as a whole any wide extension of these sentiments would be.

If we now turn to the different trades I think we shall have ample proof that this loss of independence is fortunately confined to certain classes of workmen. And here may I say that I want to state facts and suggest reasons, but I do not wish either to blame my fellow-men or to apportion blame. It is one thing to point out physical or moral degeneration, and perhaps growing degeneration in the slums, and quite another thing to blame the slum-dwellers, who are, after all, the victims of a social system. What we want to do is to find out what methods of dealing with poverty are harmful, and liable to increase rather than to diminish it.

I find that in 1886 the returns were classified under 108 different occupations, and in 1905 under about 80 different occu-

pations, and that the classifications cannot be made to correspond entirely. My task is, however, simplified by the fact that in 1886 only 16 of the classes were above 1 per cent. of the total, and these 16 classes comprise 67 per cent. of the recipients of relief; while in 1905, 17 of the classes are above 1 per cent. of the total, and these comprise 73 per cent. of the recipients.

I will, therefore, place side by side the classes which exceed 1 per cent. of the total recipients.

Occupations in 1886.	Percentage of total.	Occupations in 1905.	Percentage of total.
Labourers	26.0	Labourers.....	32.1
Brass-workers	6.0	Painters	6.0
Painters	5.5	Brass-workers	5.6
Bricklayers	4.4	Cycle workers	4.3
Jewellers	4.0	Carters and drivers	3.3
Gun-makers.....	3.9	Charwomen	3.1
Iron-workers	2.9	Polishers	3.0
Carpenters	2.6	Castors	2.3
Strikers.....	1.9	Bricklayers	2.2
Blacksmiths	1.8	Hawkers	1.8
Fitters	1.6	Blacksmiths' labourers & strikers	1.6
Bakers	1.4	Porters	1.5
Shoemakers	1.4	Gun-makers.....	1.4
Plasterers	1.3	Carpenters	1.2
Porters	1.0	Filers.....	1.2
Slaters	1.0	Blacksmiths.....	1.1
		Tube-drawers	1.0

The increase in the labourers from 26 per cent. to 32 per cent. is considerable, but in my opinion does not sufficiently indicate the increase amongst unskilled workmen as a whole. For instance, carters and drivers are a new classification, and their 3.3 per cent. may be included in the same category as labourers. In 1886 carters were classified alone, and were only a little over $\frac{1}{2}$ per cent. of the total, and drivers do not appear.

Hawkers, though not a new classification, come very much higher up on the 1905 list. Now hawking, in a very amateur way, is the first resource of the labourer who despairs of getting ordinary work. One might parody Thackeray's epigram about the washerwomen by saying that the unemployed eke out a precarious existence by hawking articles to one another. The professional hawkers, who play a recognised part in the economic life of the poor, can generally get a living. The hawkers who applied for relief were labourers out of work, who had abandoned, either necessarily or unnecessarily, the desire and search for regular work. In both lists "porters" appear, but in 1905 they are 1.5 per cent. as against 1 per cent. in 1886. I say nothing about the charwomen (3.1 per cent. in 1905), mostly widows, of

course, because I have no evidence of how they were dealt with in 1886. A word here must be said about the cycle workers. When the cycle boom began some years ago the ranks of cycle workers were recruited not so much from the skilled artisan classes as from the unskilled. Any man who had some small skill in using tools could get work at one of the many small bicycle works which sprang into being. When the boom was over, and the men were thrown out of work, they no longer described themselves as labourers but as cycle workers, even though they had had but little experience and acquired but a small amount of skill. I fancy, too, that some of those classified as polishers (3·0 per cent.) should be included under cycle workers. If a man described himself as a cycle polisher he was classified with the cycle workers; if as a brass polisher with the brass workers; but if he merely said "polisher" then he was placed in this rather large undefined class. A moderate allowance for these considerations would make the figures for unskilled labour in 1905 50 per cent. higher than in 1886.

Now let us turn to the other side of the picture, and see how the figures as to some of the skilled trades come out.

The brass-workers and the painters keep second and third place, but with the order changed. The figures are very nearly equal in both years. I have tried to find out the reason for this high position of the brass-workers, but have failed. The bedstead trade, it is true, had been much depressed, but the bedstead-workers were, with a very few exceptions, provided for by their own association. The census returns include brass-workers under "workers in miscellaneous metals," so that I cannot even tell if the reason is merely that there are so many brass-workers in Birmingham. With a portion of the brass-workers I think I have a clue. Many of them are brass-casters, and work by the piece for more than one master. One week they may make high wages, and the next they may make low wages. This would tend to make them improvident, and unprepared for a time of depressed trade. This leads up to the point, which has been emerging from the facts already given, namely, that it is the moral factor quite as much as the bare economic factor which deserves attention. The case of the painters, which we must take next, is a further illustration of this.

The building trade most undoubtedly was depressed during the winter of 1904-5, but to understand the full force of the figures as to the painters we must bring together the figures as to other branches of the building trade, and compare them with

"some gross totals which we can get from the census returns. Here is such a table :—

Occupation.	Percentage of total on relief, 1886.	Percentage of total on relief, 1905.	Number in Birmingham engaged in occupation by 1901 census
Painters	5·5	6·0	2,917
Bricklayers	4·4	2·2	4,584
Carpenters	2·6	1·2	3,339
Plasterers.....	1·3	0·5	—

While the relative proportion of bricklayers, carpenters, and plasterers on relief in 1905 is one-half what it was in 1886, the relative proportion of painters is slightly higher in 1905 than in 1886. Also the proportion of painters on relief to the total engaged in that occupation in Birmingham is very much larger than in the other occupations. The explanation to my mind is clear. Painting is a seasonal trade. The earnings in summer are high, and in winter low. This is not conducive to providence. While the bricklayers, carpenters, and plasterers have been increasing in thrift—for in proportion to population there is a falling off in the numbers of those on relief—the painters have participated to the full in the growth of improvidence already noted. May I point out that there can hardly be any flukiness about these figures, as the relative proportion of bricklayers, carpenters, and plasterers in the two periods is so constant. I think we may carry the argument as to the effect of moral difficulties a little further on the strength of these figures. Bricklaying is not a seasonal trade, but it is more stopped by bad weather in winter than is carpentering. We find, by looking at the census figures, that the proportion of bricklayers on relief is somewhat larger than the proportion of carpenters, but neither come anywhere near the proportion of painters. Roughly, there were on relief, in proportion to numbers, six times as many painters as carpenters, and four times as many painters as bricklayers. When we leave the building trades and come to other skilled trades we have further remarkable figures. In 1886 jewellers stood fifth on the list with a proportion of 4 per cent, and a gross total of 135. In 1905 the jewellery trade was much depressed, but the number of jewellers on relief in the nine districts, the returns of which have been used for statistical purposes, and which happen to cover the jewellery district in Birmingham, is no more than eight. The return of male workers furnished by the 1901 census is, jewellers, 5,239, watchmakers, 502, and other precious metal-workers, 2,798. The proportion is not one in a thousand.

The gun-makers, who work at another special Birmingham trade, show a proportional drop from 3·9 per cent. in 1886 to 1·4 per cent. in 1905. The figures as to the blacksmiths and their strikers are interesting :—

Occupation.	Percentage of total on relief, 1886.	Percentage of total on relief, 1905.
Strikers	1·9	1·6
Blacksmiths	1·8	1·1

In 1886 the number of blacksmiths and strikers who came on relief was practically the same. There is a decline in proportion in 1905, but the number of blacksmiths is now only two-thirds of the number of strikers, so that relatively the more skilled artisan has improved in financial independence. Important Birmingham trades like the cabinet-makers (census figures, 2,481 males) and the printers (census figures, 2,425 males) do not contribute, in either case, $\frac{1}{2}$ per cent. of the total figures. I think these figures bear out my conclusion as to the opposite directions in which the bulk of the skilled and unskilled labourers are moving.

It would be tedious to go through the whole of the occupations, but we can take two more groups very briefly, Group II. being made up of percentages from 1 per cent. of the total down to $\frac{1}{2}$ per cent., and Group III. of percentages from $\frac{1}{2}$ per cent. down to $\frac{1}{3}$ per cent., and arrange both in order from highest to lowest.

Group II. 1886. 17 in group. Engine-drivers, glass-makers, gardeners, tailors, casters, tube-workers, stone-masons, brick-makers, bedstead-makers, carters, electroplaters, saddlers, &c., lamp-makers, wire-workers, whitesmiths, glass-cutters, and galvanisers.

Group II. 1905. 9 in group. Shoemakers, tin-workers, engineers and fitters, iron-plate-workers, stampers, packers, tailors, bedstead-makers, and grooms.

Group III. 1886. 17 in group. Metal-rollers, paviours, button-makers, clerks, nail-casters, polishers, stampers, tool-makers, printers, burnishers, packers, sawyers, boatmen, watch- and clock-makers, chandelier-makers, chasers and engravers, and filers.

Group III. 1905. 17 in group. Plasterers, galvanisers, silverplaters and engravers, coach trade workers, masons and sawyers, slaters, moulders, cabinet-makers, barmen, gardeners, clerks, &c., bakers, brick-makers, tool-makers, cab-drivers, asphaltes, and stokers.

I now want to bring out further the connection between loss of independence and want of providence on the one hand,

and on the other hand the general conditions of life in the worst parts of the city. We have in Birmingham a return of the death-rate for each of the wards of the city. My experience as a social worker in provincial towns has led me to the conclusion that the death-rate of a district is not merely a guide to its unhealthiness, but a clear indication of its general poverty and ignorance. The most unhealthy districts of a large provincial town are not merely the districts where the physical conditions are against a healthy life, they are also the districts where the inhabitants live in the greatest ignorance, and where the moral life is at its lowest. The advantage of the local administration of the 1905 fund was that, subject to two or three exceptions, returns could be compiled of the number of persons relieved in each ward, and as the number of inhabitants in each ward is also known, it has been possible for me to arrange the wards in order according to the proportion of families relieved per 1,000 inhabitants. In the following table this list is placed side by side with a list arranged in order of death-rate.

Name of ward.	Number relieved per 1,000 inhabitants.	Name of ward.	Death-rate for years 1899-1903.
GROUP I.			
Deritend	27.6 ¹	St. Mary's	27.7
St. Bartholomew's	20.1	St. Bartholomew's	26.0
St. Mary's	19.0	[St. Stephen's	25.4] ²
		[St. George's	23.1] ²
		Deritend	22.9
GROUP II.			
Nechells	18.6	Duddeston	21.8
St. Martin's	17.6	[St. Paul's	20.9] ²
Duddeston	17.4	St. Thomas's	20.7
St. Thomas's	15.3	Nechells	20.5
		St. Martin's	20.1
GROUP III.			
Market Hall	13.3	Ladywood	18.8
Ladywood	11.5	Market Hall	18.2

We see that though the order in the two lists is not identical, yet the different wards fall into three identical groups, and that the worst group from the point of view of the death-rate is the worst group from the point of view of relief, the next worse group as to death-rate is also the next worst group as to relief, and so on. *The exceptional poverty of the past winter appears to have been only an aggravated condition of the chronic poverty always in our midst.*

¹ See previous table of cases helped as to the exceptional number relieved once only in this ward.

Returns from those wards as to relief are either wanting or insufficient.

Mr. Seebohm Rowntree, in his analysis of the chronic poverty of York, gives 10 per cent. as his estimate of the proportion of working people living in primary poverty, the poverty which is inevitable, however exemplary the moral character; while he gives 20 per cent. as his figure for secondary poverty due not to economic causes directly, but to bad habits and defects in moral character. To a considerable extent primary poverty is bound to resort to the Poor Law. A relief fund is a godsend to secondary poverty. In Birmingham, at any rate, the unemployed problem is largely the general social problem of the slums in another aspect.

The further tables I have compiled from the statistics of the 1905 fund do not admit of comparative treatment, but have some interest, and may be useful for comparison with other places, or with future years.

The following is a table of the ages of the recipients of relief in the eight selected districts. I give with it the average for the whole of the eight districts and the census figures of those alive at the same ages, all reduced to percentages.

Ages.	1. St. Bartholomew's.	2. West (Heaton St.).	3. Bordesley Green.	4. Duddeston.	5. St. Thomas's.	6. Balsall Heath.	7. Deritend.	8. St. Martin's.	Average.	Census figures.
60 and over.....	7.0	6.5	11.5	11.0	9.0	5.0	10.0	11.5	9.0	10.0
50 and under 60	14.5	11.5	15.5	18.5	15.5	15.5	19.0	13.5	15.5	11.5
40 " " 50	29.0	22.5	23.0	21.5	26.5	23.5	19.5	21.0	23.5	18.0
30 " " 40	31.5	35.5	29.0	28.5	24.5	36.0	31.5	31.5	31.0	25.0
20 " " 30	18.0	24.0	21.0	20.5	24.5	20.0	20.0	22.5	21.0	35.5

We may note that age begins to be an important factor soon after 30. Of the general inhabitants of Birmingham over twenty years of age, 35.5 per cent. are between twenty and thirty years of age, while of those who were on relief (all being over twenty years of age), only 21 per cent. were between twenty and thirty years of age. After thirty years of age and up to sixty years of age the proportion of those on relief in each decennial group is in excess of the proportion of those alive at the corresponding ages. *In proportion to the number living, rather more than twice as many men were on relief between the ages of forty and fifty, as between the ages of twenty and thirty.* After sixty the unemployed are to a considerable extent on Poor Law relief, and the figures are practically of no value.

The next table contains particulars of the rents paid in the different districts by recipients of relief. It has been reduced to percentages.

Amount of rent.	District.								Average for all districts.
	1.	2.	3.	4.	5.	6.	7.	8.	
3s. and under ...	16·0	11·5	13·0	12·0	18·0	9·5	11·5	12·0	13·0
4s. and over 3s...	39·5	44·0	30·5	50·0	30·0	11·0	35·0	31·0	34·0
5s. and over 4s...	38·5	36·0	26·5	28·0	43·5	48·5	46·5	52·5	40·0
6s. and over 5s...	5·0	4·5	20·5	6·5	6·0	24·5	5·0	4·0	9·5
Over 6s.	1·0	4·0	9·5	3·5	2·5	6·5	2·0	0·5	3·5

These figures show that three-fourths of the recipients were living in houses at rents exceeding 3s. but not over 5s. The characters of the different districts can also be gathered from these returns. District 4, for instance, is a central ward of almost uniform poverty, while district 8, although largely in the centre, yet strikes a thin wedge into the outskirts. District 6, on the other hand, is an industrial ward on the outskirts of the city, with a tendency towards small villadom. District 3, though on the outskirts, is much less aristocratic than district 6. These special features are just what we should expect from our table.

My last table contains particulars of the families of the recipients, also reduced to percentages.

Family.	District.								Average for all districts.
	1.	2.	3.	4.	5.	6.	7.	8.	
Man only	5·0	3·5	4·5	3·5	8·0	1·0	6·5	7·5	4·5
Woman only	0·5	1·5	2·0	2·0	5·0	1·5	2·0	1·5	2·0
Man and wife	14·0	6·5	10·0	13·5	8·5	16·5	15·0	10·5	12·0
Parent and one child....	16·0	12·5	15·0	15·0	12·5	16·0	20·5	20·0	16·0
Parent and two or three children	38·0	44·0	29·5	36·0	34·0	35·5	31·0	34·5	35·0
Parent and four or five children	19·5	20·0	19·0	19·5	21·5	20·0	14·5	17·0	19·0
Parent and six or more children	9·5	12·0	21·0	10·5	10·5	9·5	10·5	9·0	11·5
Average number of children per family	2·6	2·9	3·1	2·6	2·7	2·5	2·3	2·4	2·7

From the family returns we may gather that the size of the family does not seem to be a very material factor except in dis-

trict 3, where 21 per cent. of the families had six or more children. This is what we should expect from the co-existence of a high death-rate and a high relief-rate. The class of family which was on relief was not the class of people who bring up large families, though they undoubtedly have many babies. As has already been pointed out, district 3 is on the outskirts and is almost purely industrial; it also has quite a low death-rate. Here, therefore, we should expect large families to be brought up as well as born, and the return bears this out.

There is only one other fact which I want to mention, and that is the fate of the country immigrant. To all intents and purposes he was not among the recipients of relief. Very soon after the starting of the fund we had some applications from farmers for labourers with some experience of country life and country work. They would have been content with anyone born in the country, and brought up to farm labour during boyhood and youth. Town-bred men they did not want. These offers of employment were sent round to the district secretaries, who were very keen on getting men to work. We filled up three situations, but could not fill up a fourth. Besides the three men actually sent I interviewed two others, who were country-bred and out of work, but who preferred to stay in Birmingham, as they thought their children would have a better chance here than in the country. Five men out of 7,000 is a negligible quantity. It is rather difficult to get any definite idea as to what proportion of the inhabitants of Birmingham was born here. Almost the whole of the city is in Warwickshire, but one corner is in Staffordshire, and one recently added district is in Worcestershire. The census returns of the birthplaces of its 252,084 male inhabitants in 1901 is as follows:—

Warwickshire	167,652
Worcestershire	19,785
Staffordshire	16,770
Elsewhere	47,877

so that, at any rate, a considerable proportion must have been born outside the city. But evidently the country immigrant is a respectable, thrifty citizen who does not come on relief funds.

F. TILLYARD

THE PRESENT POSITION OF IRISH LAND PURCHASE.

THE surprise so generally expressed at the difficulties which have beset the first years of the working of the "Wyndham" Act of 1903 has very little to justify it. The course of operations under this measure is not at all unlike what has happened in the case of earlier Land Acts. Immediately on the passing of the Act a rush of eager buyers and sellers appeared. Land agents advertised their readiness to negotiate sales, and in a few months more agreements were arranged than for twice as many years under the former Acts. The necessary consequence was a decided congestion, leading to a practical stopping of further transactions. But nearly everybody appears to have forgotten that a similar state of things followed the second Gladstone Act. That measure came into force on August 22nd, 1881, and the applications to fix fair rents soon rose to many thousands—far more than the Land Commission could itself deal with. To meet the difficulty, the Land League advised that only a few test cases should be presented, and that thus a standard of fair rent should be obtained, which would be available for general application. Unfortunately, this advice led to the imprisonment of the leaders of the association by the Liberal administration, with the result that the crush on the land court continued to such an extent that the responsible task of rent-fixing had perforce to be delegated to a number of subordinate, but practically independent, tribunals, with results that can hardly be regarded as satisfactory.

Events have repeated themselves in the case of the latest measure, but owing to the voluntary character of the transactions for purchase, the consequences have not proved so serious. It is, however, beyond doubt that the belief of the Government that not more than £5,000,000 worth of property per annum would be arranged for sale showed a remarkable ignorance of the real facts of the situation. According to the Report of the Estates Commissioners, the applications for the period November 1st,

1903, to March 31st, 1905, amounted to £20,145,320—i.e., at the rate of nearly 14½ millions sterling per annum, or nearly three times the figure of the official estimate.

One obvious outcome of such miscalculations is the disappointment of expectations that have been reasonably excited by the measures that are thus curtailed in their action. A great deal of the difficulty that hampered the earlier years of the administration of the Act of 1881 was due to the confused notions as to the true standard of the judicial rents, which would have been adequately determined by considered judgments of the Chief Commissioners in a limited number of selected cases. Similar confusion, but, happily, not so disastrous in its general effects, is likely to follow the block in the land purchase system, due to an insufficient staff and inadequate funds. “

Another parallel between the Act of 1881 and that of 1903 is furnished by the legal puzzles that imperfect drafting and haste in legislation have produced. Some of the most fundamental questions have been really left to the ingenuity of the judges to solve, and their solutions, it may be said, have not always been in accordance with the aim of the legislature or the economic needs of the community. The questions of tenants' improvements, of the fixing of true value for the purpose of pre-emption, and the right of resumption by the landlord, are instances in connection with the second Gladstone Act. The allocation of the bonus, the proper application of the term “estate,” and the power of the Commissioners to buy untenanted land are cases that have arisen in the short time that the Act of 1903 has been in force. Thus there is nothing very exceptional or abnormal in the actual situation as compared with former times.

But the fact that legislation for Ireland is, as a rule, marked by undue haste and by the desire to overcome the diverse forms of opposition by employing ambiguous or unmeaning language, does not lessen the loss to the interests that are thereby affected. Legal expense and administrative delay are grievances that landlords and tenants both feel. They are also obstructions to agricultural progress. There is, however, another obstacle peculiar to the Wyndham Act. The greater part of the remedial legislation for Ireland has been carried out at Ireland's expense, or, at all events, without any serious call on the funds or the credit of the Imperial Government. Cliffe-Leslie once likened the English policy towards Ireland to that of Henry II. when he flung to a shivering beggar a cloak from the back of one of his own friends, and for the most part the gibe has been justified. The policy of

land purchase has by degrees led to a more liberal attitude. Under the first purchase measures the public advances were amply protected : the Act of 1903 provides for loans where loss is possible, and even for cases in which it is certain, and it has also established a direct imperial contribution which will ultimately reach £12,000,000. There are, indeed, complicated arrangements for the use of Irish funds (so called) which, when analysed, amount to transfers from grants made for other purposes. It is almost certain that the political situation will lead to the placing of the several items of loss on the Consolidated Fund, and to the relief of the special sources that the ingenuity of the Treasury has devised. A fundamental point in the policy of land purchase, and one essential for its success, is its financing by the aid of imperial resources.

Since the initiation of the policy by the Ashbourne Act of 1885 down to the close of the century, the financial conditions were continuously favourable. The certainty of being able to borrow any requisite amount at a rate under 3 per cent. would have made operations far more extensive than those which were attempted quite easy. No doubt was felt on this point. It was often declared that landlords were unwilling to sell ; inducements were tried to encourage hesitating tenants to buy ; but it was regarded on all sides as a law of nature that sufficient funds for purchase would be always forthcoming at a low rate of interest. How ill-founded this naïve belief was is now abundantly manifest. Instead of a market prepared to take any amount of land stock at $2\frac{3}{4}$ per cent., and even ready to pay a considerable premium for it, there is now a sensitive condition of the market which only allows of limited amounts of this very stock being placed at a discount of 10 per cent.

The causes of this change are evidently the effect of the South African War on State credit and the general strain on the money markets of the world by the greater Eastern conflict, supplemented by the absence of any real effort to re-establish an effective policy of debt redemption. An important imperial interest (for the present tranquillity of Ireland may be so regarded) is endangered through a failure in the observance of the rules of sound finance. Reduced expenditure (particularly in the form of loans) and creation of a true surplus would soon bring the Irish land stock to par and remove any fear of loss on its issue.

But failing this radical cure, there are expedients which may, it is thought, alleviate the difficulties of the situation. One of the commonest suggestions is the proposal to issue Treasury bills or

notes, or credit instruments of some kind, which would circulate at a low interest, or, as some people hope, without interest. The mere statement of such plans suffices for their condemnation. Their authors have to learn the elements of finance (using the term in its vague and popular sense); but the desire of immediate advantage explains the advocacy of schemes of this kind by landlords eager to sell without delay at high prices.

A more feasible plan is that proposed by the present Irish Secretary, viz., the payment of the selling landlords in stock instead of in cash for one-half of the amount. This would be a partial return to the earlier system, which the landlord interest carried against the Government in the Act of 1896 in order to get the advantage of the premium that then existed on the stock. This would now mean a deduction of 5 per cent. from the purchase money received by the landlord, and has, therefore, naturally been unpalatable to the sellers of land. It may be added that it is open to the further disadvantage of supplying a basis for the claim that the system of part payment in stock should be continued when stock reached par or attained a premium. It would be plausibly argued that, as the landlord had lost by taking depreciated stock, so he would be entitled to gain from every rise in its value. But the most serious objection is the confusion between the two methods of payment, (1) in cash, (2) in stock. Either may be adopted, the former having much more to recommend it—the mixture of the two can only produce confusion and uncertainty, as well as dissatisfaction. For want of anything better, it is quite possible that Mr. Long's plan will be adopted for a limited time.

Another mode of dealing with the problem is the raising of the rate of interest on the land stock to 3 per cent. If a guarantee against redemption were given for a sufficient number of years (the existing $2\frac{3}{4}$ per cent. is irredeemable till 1933), the price would go to par, and the annuity payable by the tenant would have to be increased or the time of payment prolonged. This method has the disadvantage of establishing a 3 per cent. stock beside the two existing land stocks, but it must be remembered that the term of the stock need not be a long one, and that it would be consolidated with the earlier $2\frac{3}{4}$ per cent. stock of 1903–5. More important is the consideration that the price received by the seller would almost certainly be reduced. At the beginning of the sales under the Wyndham Act, it was explained by the advocates of the landlords that the amount of the tenant's yearly payment (his purchase annuity) was his sole consideration—the payment to

the landlord was a matter for the State. This contention is conclusive in favour of a reduction of the selling price equivalent to the smaller capital obtainable when interest is at 3 per cent. (or, including the sinking fund. at $3\frac{1}{2}$ per cent.). The loss, however, would not be great, and the needier sellers would be practically forced to accept it in order to secure the favourable conditions of investment and to discharge their liabilities which carry 5 per cent. or 6 per cent. Those owners who are anxious to get rid of the troubles and uncertainty attending their purchase would also accept the position, and these are the classes that have furnished the supply that has glutted the land market created by the Act.

Another plan propounded has been the issue of certificates to owners who have sold, testifying that they will in the future (*i.e.* when sufficient funds are procurable) be entitled to the amount mentioned in the document. These instruments, it is thought, would be available for raising funds which would pay off charges that fall on the landowners. The further arrangement that the general system under which the tenant pays interest (usually $3\frac{1}{2}$ per cent.) to his former landlord until the purchase money is paid out should be recognised in the certificates would practically make them a kind of interest-bearing security.

This scheme has the double disadvantage of being complicated and unlikely to attain its object; for the punctual payment of interest by the tenant could not be guaranteed in the case of each individual landlord, which would depreciate the value of the certificates as a whole, and the risk with attendant expenses would fall on the landowners who were compelled to resort to the credit agencies that would deal in these instruments.

On the whole the increase in the rate of interest on land stock is the least objectionable of the palliatives suggested. It recognises the facts of the situation, and if the tenants are anxious to escape from the payment of interest during the existing interval of waiting, there might not be an equivalent reduction in the landlord's purchase money.

Two or three general points remain for notice. First, the necessity of preventing the issue of stock at a discount which imposes a charge on Irish funds. The transactions between owners and tenants should, so far as Ireland is concerned, be made self-supporting. If imperial policy admits of a gift from the State (in addition to the bonus), it will be readily accepted. Second, the immense importance of maintaining the national credit is evident. Sound finance is the basis of sound policy.

The situation in Ireland would have been perfectly simple and easy under the financial conditions of ten years ago. The real interdependence of English and Irish interests receives an effective illustration from the present situation of the land purchase question, and a curious light is thrown on the ignorance of the most important classes of society as to the policy most conducive to their true interests.

But perhaps the most serious matter is the difficulty that seems likely to beset land purchase in the future. The encumbered and absentee landlords are ready to part with their property, and so is the ordinary landlord so long as investment which will not lower his income is open to him. When, as may be hoped it will, the money market reverts to the conditions of the closing years of last century, it will be impossible for the encumbered owner to secure this result. Land purchase will then cease, and unless there has been some extraordinary change the demand for compulsory purchase will make its reappearance. This will, I believe, prove to be *the* Irish land problem of ten or fifteen years hence.

C. F. BASTABLE

TRADE UNIONS IN BELGIUM.

IN 1791 the *Assemblée Constituante*¹ passed a decree prohibiting in future the formation of any kind of professional association whatever, thus sealing with its sanction for an indefinitely long period the principle of *individual* competition. The penal code of 1810 imposed heavy penalties on any coalition of employees or employers which aimed at influencing the price of labour. In 1830, however, the Belgian Constitution showed a more liberal spirit. It declared the right of association. In France, on the other hand, that right was only won for labour when the law recognising the corporate personality of trade unions was passed in 1884. Nevertheless, the advantages which the Belgian law of 1830 seemed to confer on the working classes were more apparent than real. In spite, namely, of the text of the constitution sanctioning freedom of association, the interdict laid on all coalitions instituted to influence wages was maintained and applied as long as the statute survived in the penal code, i.e., till 1866. In France, coalition ceased to be a crime from the year 1864. Even then the repeal of the statute of 1810 was only succeeded by fresh measures against the abuse of the right of striking, measures which were made yet more stringent in 1892. And finally, even in 1898, the legal personality of trade associations was acknowledged only with many reservations, on which account nearly all trade unions have avoided having recourse to this law.

Such are the legislative conditions under which the associative movement in Belgium is going on.

Belgian trade unions are by no means of a uniform type. On the contrary, they present a great variety of forms, according to the date and technico-economic circumstances of their inception. Some date from a bygone political *régime*, some are "syndicates"

¹ That is to say, the French legislative body which, at the beginning of the Revolution, superseded the States General with the object of establishing a constitution for France. Belgium, soon after, became a French possession till the year 1815.

of the most recent type. We may briefly review these different varieties in their historical order.

There are in Flanders some corporations which trace their origin to the Middle Ages. They are now degenerate and decadent. Of such is the Community of Bakers at Bruges, the Guild of Brewers' Draymen, which still holds the monopoly of the transport of beer throughout municipal territory, the Guild of Coalheavers, and that of Grain Transport. At Furnes, there are also Guilds of the two last-named, which are officially recognised by municipal administration, and the Corporation of Sack-porters, founded over two hundred years ago. At Malines there are the tun-carriers, whose corporation is said to date from the thirteenth century, and the Community of Bakers, whose existence is seriously affected by the free competition of small bakers.

The constituents of these societies have nothing in common with the wage-earners of our modern industries. They are either master-craftsmen owning their own rudimentary plant, like the bakers of Bruges, or workmen who do not in any way co-operate in production, but simply supply unskilled manual labour, as, for instance, the grain and coal carriers.

Their regulations still contain measures designed to protect consumers against the inconveniences incurred through corporate monopolies. Some of the associations have retained their original religious character. The membership of these societies is a diminishing quantity. They are nothing more than the ruined monuments of a remote past, and are interesting to-day only from a historical point of view.

When the law against coalitions struck a blow at the formation of fighting unions, the spirit of association took refuge in societies for mutual aid or friendly societies (*mutualités*). We meet with these societies from the beginning of the nineteenth century. They were then called "common purses" (*bourses*), a name resembling greatly that of the Purse clubs or Box clubs, which seem to have occupied, during the middle of the eighteenth century, an analogous position in the history of English unions.¹

The first friendly societies, in superseding the corporations of the *ancien régime*, retained at first their religious and professional characteristics; moreover, they included both masters and workmen. Towards the middle of the nineteenth century they underwent transformation. Some, in continuing to be occupied with mutual aid, lost their distinctive professional character, and opened their ranks to workmen of different trades. Others added

¹ See my *Industries de la Laine en Angleterre*, p. 154. Paris, Larose.

to their business of mutual aid that of the defence of trade interests.

It is the latter which have thus given birth to the first organisation of workmen comparable to the modern trade union. The religious character of the old "mutuality" is lost. The masters withdraw. The trade characteristics are preserved and emphasised. Such are the features of the associations of manual workers as they appear to-day. Their tactics consisted at first in getting the supply of labour into their hands by limiting apprenticeship, so as to hinder the fall in wages resulting when the supply was in excess of the demand.

Among the more important industrial labour societies we may mention that of the Typographers, founded, from 1842 onwards, in the chief cities of the country, the Philanthropic Union of Hatmakers, the Association of Workers in Bronze, the Glovers' Union, &c.

These industrial associations occupy an important position in the history of the groupings of labour in Belgium. They are the first unions formed for resistance. Several underwent considerable development. And down to the present day it is among them that the most powerful and best organised groups are to be found.

They have, however, been frequently compelled to save their existence by suspending their methods of limiting apprenticeship. Competition in mechanical industry rendered this often impracticable. At the present day they are mainly occupied with the opposing of technical improvements and of the employment of women. Some societies have tried in vain to affiliate workers in mechanical industries, and, in those cases where machinery has entirely superseded hand industry, they have been unable to survive. Groups of this kind did not suit the worker in machine industries. Hence the origin of the trade unions connected with the great mechanical industries—new associations having a less stable membership, and, as their main object, the struggle for better conditions of labour. They made their first appearance at Ghent, in 1856, in the cotton industry. Their development was for a long time delayed by the law against coalitions.

From the year 1867 associations of working-men, under the influence of the *Internationale*, took a Socialistic character. The most important groups that affiliated themselves were the unions of Ghent, centre of the cotton industry, the *Francs Ouvriers* of Verviers, centre of the woollen industry, and the *Solidarité* of Fayt in Hainault, the centre of the collieries. From 1869 the

number of unions increased with extraordinary rapidity. But the fall of the International and the crisis of 1873 put a dead stop to the movement.

In 1886 the Belgian labour party undertook to reorganise the working-class population. Thus at Ghent there appeared Socialist unions, then at Verviers the Metal-workers, the only society of importance in the place, even at the present day, which is affiliated to the labour party. At Brussels the reorganisation of associations began in 1885, and in the coal districts in 1886.

The example of the labour party incited other political parties to try, under an extension of the franchise, to win the working-class vote and to oppose the effect of specific theories. The Catholics began, the Liberals followed.

The Catholic associations do not appear, especially at their inception, to have been unions composed exclusively of working men, and occupied with their emancipation. They were rather of the nature of benevolent clubs (*patronages*), reuniting both wage-earners and employers. They were placed under the direct influence of the priests, and their ostensible aim was chiefly moral—to wit, the preservation of the religious spirit and the maintenance of good relations between employers and employed. Nevertheless, the more recently formed centres no longer include masters. They acknowledge the principle of the emancipation of the working classes by the workers themselves, and they thus repudiate the system of “patronage” and the guardianship of the *bourgeoisie*.

The Liberal party, seeking to gather to itself its former adherents among the working classes who had gone over to the Socialists, also tried its hand at the organisation of unions. A rash undertaking for a party whose power lies chiefly in the industrial and commercial *bourgeoisie*! Nor have its efforts produced any result.

There are no complete and definite official statistics of Belgian labour associations yet published. Nevertheless, by having recourse to a variety of sources we have succeeded in drawing up the appended table, which will give at least an approximate idea of the actual situation in the Belgian world of unionism.

Of the whole male working class population the unions to-day amount to about one-fifth. Taken by trades, this proportion by no means always holds good. Among the glass-blowers the proportion of unionists is about three-fifths, among the miners about two-fifths. In the Verviers district nearly all the workers in combed wool are affiliated to the same federation.

Very few women belong to unions. Their numbers do not amount to one-twentieth of the union membership. Those who do belong are nearly all employed in cotton-spinning.

BELGIAN TRADE UNIONS.

I.

Unions affiliated to the Labour Party. 1,000's of members:—

Mining Industry	45
Textile Industries	7.5
Metallurgy	7.1
Stone Industries	4.5
Transport Industries	3.2
Clothing Industries (including shoes) ..	2.9
Other Unions, with a Membership of 15,000 to 20,000 ..	17.8
	<hr/> 88

II.

Neutral Unions.

Glass Trade	5.9
Book Trade	2.5
Other Unions	7.6
	<hr/> 16

III.

Christian Unions.

Federation of Shoemakers	7
„ Tailors	1.1
„ Bakers (employees)	1
„ Metal-workers	1.1
„ Wood-workers	1.2
„ Builders (employees)	1.4
„ Textile-workers	3.2
Not included in the foregoing	5.9
	<hr/> 14.7

IV.

Trade Friendly Societies. *

Mostly Neutral	10
	<hr/> Grand Total 128.7

Fifteen years ago M. Vandervelde's inquiry elicited the proportion of union members as one-seventh, as compared with the one-fifth of to-day. The advance is more apparent when the absolute figures are taken—thus, there are to-day 130,000 as compared with 60,000 to 70,000 in 1891. It is, above all, the organisation of the constitution of the several unions that has progressed. Subscriptions are higher and are more regularly paid. Their functions have become more complex. Institutions for mutual aid have developed. Propaganda is more active and better distributed. The number of permanent secretaries is greater. The unions have increased their influence by amalga-

ming into larger groups, and the federal movement is winning over the country and extending by degrees to the international body of unions.

Unionist organisation is unequally developed among the different political parties contending for the labour vote. The socialist unions amount to almost seven-tenths of the whole. Next come the neutral and Christian unions, each balancing the other in importance, and each absorbing over one-tenth. The Liberal unions are of no great importance.

The rate of subscription varies very much, fluctuating between 10 and 50 francs a year. As to reserve funds, out of 214 groups only 92 pay out anything for strikes. The others allow disbursements for a variety of causes :—not only for strikes, but also for want of employment, illness, old age, &c.

* Apart from the advantages by way of mutual aid secured to members by the unions, they have unquestionably exercised a considerable influence on the rate of wages. Either they have, in favourable circumstances, brought about a rise, or they have retarded or diminished a fall at an adverse conjuncture. This is especially evident in factory unions. The influence has been more felt in those industries where there has been the least introduction of improved machinery and, in consequence, the least competition of workers without apprenticeship. Nevertheless, even in the largest manufactories the influence of unions on wages is beyond doubt. It has sometimes been even strong enough to induce employers to remove their factories to the country, so as to get away from the exactions of unionist workmen. Such is the case in the Ghent cotton industry.

The relations between employers and employed have ameliorated wherever unions have taken strong root. This is well shown among the metal-workers at Brussels. Conflicts may arise frequently, but many end amicably after discussion. The workmen's delegates have sometimes conceded the question to the employers without losing prestige. At Brussels the masters and unions are on especially friendly terms, and there are even some employers who expect, on engaging a man, that he should show a certificate of union membership.

In the provinces, it is true, the situation is not so good. As a general rule, the masters continue to be more hostile than favourable to the very existence of the unions and to a collective wage-contract. And this is managed as yet by imperfect and irregular methods.

It is difficult to estimate exactly the action exercised by the labour associations in the direction of education, culture, and

morals; but this cannot but be of considerable importance. The unions have developed the spirit of mutual assistance and solidarity. Their classes and libraries concur in educating their members, and the management of working class societies,—*mutualités*, co-operative societies, and unions properly so-called—initiate wage-earners step by step into administrative methods and economic life. We may add that the unions have taken an active part in the propaganda against intemperance, notably by the prohibition of the sale of alcoholic drinks in their club-rooms. They have put in claims for technical schools, and have sometimes contributed towards their establishment.

We shall not emphasise here the difference in the several aspirations of unions belonging to different political parties, but we do affirm that, practically, these divergencies tend decidedly to diminish. They are disappearing gradually under the influence of analogous circumstances, community of interests, and identity of the resultant practical object.

Political sectarianism tends to grow weaker. The specialised trade unions conceive the conflict between classes in a much less revolutionary spirit than hitherto. The Catholics, on their side, are giving up more and more the system of mixed unions composed of masters and workmen, and are becoming more partial, like the Socialists, to unions composed exclusively of wage-earners occupied with defending the interests of their class.

The friendly societies and the unions have for some time been drawing closer to each other. They have been amalgamating into associations on a unique plan, termed *syndicats à base multiple*, pursuing the double object of mutual aid and of struggling for better conditions of work.

The membership of the different groups is becoming more stable in proportion to the increased rate of subscriptions. The dissipation of their strength is reduced by the constitution of federations, and by the amalgamation of groups of the same district belonging to one and the same trade.

Space fails me to inquire into the scope of activity of the unions. This resolves itself mainly into organisation of unions, efforts for better conditions of labour, mutual aid, intervention of public authority, and education.

As to the specific character of each union, some are political, others professional. The political federations are either Socialist or Catholic, not to mention the federation of Liberal unions, which has no vitality. As to the trade federations, they do not always keep aloof from politics. The neutral and socialist unions foregather in one and the same trade federations. The Catholics,

on the other hand, keep more to themselves and have their own federations. They have a common organ for centralising the unionist movement, and that is, the general secretarial board of Christian trade unions. This has been in action since 1904. Non-Catholic labour associations have also their central organism, viz., the Trade Union Council (*Commission Syndicale*). This is less recent, having been instituted at the Labour Congress of Verviers in 1898. It works under the control of the Labour party, but does not exclude neutral unions, the greater part of whose members belong as individuals to the Labour party. Others among them profess anarchist opinions, especially among the bakers and goldsmiths.

The mission of the Trade Union Council comprises the study of the questions in which the trade union movement is concerned, such as the formation of unions, the organisation of inquiries, the drafting of legal measures, moral intervention in strikes, and the organisation of relief for strikers. Apart from the Socialist associations, several large neutral unions have adhered to the Trade Union Council, such as the *Fédération du Livre*, the Glass-blowers' Union, and the Glovers' Union. The Council founded in 1904 a monthly periodical, the *Journal des Correspondances*, which serves as the official organ of the unions affiliated to the Council.

The Council takes an active part in organising the annual Trade Union Congress. At the last of these, it undertook a statistical inquiry into the situation of Belgian trade unions. Unfortunately, it has not yet received sufficient support from corresponding unions to enable it to complete its task.

The international relations of the unionists of Belgium have developed, and are to-day more frequent and far more of a professional character than in the days of the International. The leading unions in Belgium are affiliated to International federations, or, at least, in continuous relations with them. The metal-workers, miners, typographers, textile workers, tobacco workers, those employed in objects of art, and the lightermen—all these are so many labour groups standing in touch with the international world of trade unionism.

Such, briefly sketched, is the situation at the present hour of trade unions in Belgium.¹

LAURENT DECHESNE

Liège.

¹ A more complete account will be found in my monograph: *Syndicats ouvriers belges*. Paris: Larose. P. 120.

REVIEWS

Essays and Addresses on Economic Questions (1865-1893), with *Introductory Notes* (1905). By the RIGHT HONOURABLE VISCOUNT GOSCHEN. (London: Edward Arnold, 1905. 8vo. Pp. xii, 354.)

THIS collection of "Essays and Addresses on Economic Questions," prepared by their President during the last forty years, will, we are sure, meet with an appreciative welcome from the Fellows of the Royal Economic Society. They will note, perhaps, with especial gratitude and satisfaction the inclusion in the volume of the suggestive Address delivered to them in 1893 on *Ethics and Economics*. But they will also feel some sense of personal pride in the connection they can claim with the book as a whole. For it has been a peculiarly fortunate circumstance for what is still, we believe, the youngest of our learned societies, that during its early career it has had for its President a prominent politician and experienced statesman, who has combined a lively interest in the developments of economic thought with an intimate familiarity with the administration of great affairs. Lord Goschen tells us, indeed, in his Preface that these various Essays and Addresses have not been "composed from the point of view of a trained and scientific economist." "To the latter title," he adds, "I have never been able to lay a claim." But, in spite of this disclaimer, his early well-known book on the "Foreign Exchanges," some of the characteristic qualities of which, it is interesting to note, he attributes in this same Preface in a great measure to his previous training in logical method in that University, of which he is now the Chancellor, secured for him at once an undisputed place in the limited circle of the writers of economic classics. His interests, it is true, have mainly lain, as this volume shows, in those regions of economic speculation like banking, currency and finance, which are most closely related to business practice and political activity,

and the especial merit of these Essays and Addresses, as we venture to think, consists in the circumstance that the author has, to quote his own words, regarded the topics with which he deals "from the standpoint of a practical man of business, or of a public servant anxious to inquire into financial, economic, and social facts, with a view to their bearing on matters of administration or legislation." Yet it may be said of Lord Goschen, as it can be stated of few other politicians, or of business men, in the same manner and degree, that he has always recognised the existence and importance of the relations between systematised economic thought and actual administrative practice. He has, it is true, as the Presidential Address to the British Economic Association conspicuously proves, been fully alive to the differences, which must inevitably separate the speculations of the student in his closet from those rough facts of ordinary life with which the statesman has perforce to reckon. But he has also urged, with no less earnest a conviction, the complementary neglected truth that the hasty superficial survey of the practical man or busy politician may overlook, to his own cost and that of the public in whose interests he may be acting, those deeper and more distant considerations which economists are habituated to detect and trained to emphasise. Of opportune insistence on this truth many apposite examples might be quoted from these papers. In short, Lord Goschen seems to us, if we may say so, to furnish an example, *par excellence*, of the verity and pertinence of the remark once made, we understand, by a distinguished civil servant, whose life has recently been published, to the effect that, while every economist might not necessarily prove himself to be a competent statesman, every statesman, to be really competent, should be an informed economist. Of Lord Goschen's ability as a statesman the record of his long public career affords abundant proof; of his mastery of economics these collected Essays and Addresses supply corroborative illustration. In their mass they confirm the opinion formed before by those who had read or heard some of them as they were separately produced. To this felicitous combination, unhappily too rarely known in fact, of economic knowledge with administrative experience, may be attributed the peculiar interest of this volume. It is written in graphic and incisive language. Its qualities will, we are convinced, appeal to many readers who would be deterred from studying more formal and elaborate treatises. For they will find here complicated facts set forth with great lucidity and directness. They will discover, also, methodical arrangement and

logical consistency. They will be confronted by reasoned argument. And yet they will feel that they are throughout in close contact with the real circumstances of the actual situation. They will be sensible that they are dealing with concrete problems, which, nevertheless, require for their adequate solution the informed handling of trained acumen. And, although the different papers were, in not a few instances, written originally some time ago, the mode of treatment followed has given them, not merely enduring value, but also abiding interest. The contrasted pictures, for example, presented in the two articles on "Seven Per Cent" and "Two Per Cent," reprinted from the *Edinburgh Review* of 1865 and 1868, with which the volume opens, have lost none of their freshness in consequence of the interval of time which separates the actual incidents depicted from the present day. Through many of the papers also, as we might expect, we can trace the connecting thread of a common thought which has been present to the writer's mind. Such, for instance, is that which he himself notices emphatically more than once—the important influence exercised in many directions by the adoption of the principle of limited liability. This reflection is very prominent in the earliest paper reprinted in the volume—that on "Seven Per Cent." It reappears in one of the later papers, namely, the Presidential Address to the Royal Statistical Society in 1887 on the "Increase of Moderate Incomes."

The freshness of the separate contributions to the present collection is preserved, and their interest materially increased, by introductory notes, in which the author briefly states the circumstances under which they were originally prepared, and, in most cases, indicates their bearing on the new conditions of the present day. These introductory observations possess, indeed, something of the intimate familiarity of an autobiography, and they are not the less attractive on that account. The statistician will certainly sympathise warmly with Lord Goschen's justifiable complaint, in the supplemental study to his Address on the "Increase of Moderate Incomes," of the heart-breaking difficulties thrown with apparent, if unthinking wilfulness, in the path of the conscientious student by changes in the method of arrangement of the published figures which he has perforce to handle. The fiscal reformer of to-day may perhaps be excused for uttering a vain lament that the stress which Lord Goschen placed on the increasing importance of our Colonial business in his Address to the Manchester Chamber of Commerce so long ago as 1885 on the "Condition and Prospects of Trade," had not brought him

in these latter times to a less unfriendly attitude to suggestions of Colonial Preference than that which he has, in fact, seen reason to adopt. The candid impartial spectator, who is neither Socialist nor Individualist, will read with great appreciation the instructive observations on the subsequent drift of thought and action prefixed to the Address on "*Laissez-faire* and Government Interference" delivered to the Philosophical Society of Edinburgh in 1883. Such are some of the topics discussed by Lord Goschen, which are furnished now with the additional annotation suggested by the experience of later times. Thus accompanied, they have lost little or none of their original force and interest.

Nor can the questions of insurance, voluntary or compulsory, which were handled in a short speech at a dinner of the Manchester Unity of Oddfellows at Reading in 1884, or of our cash-reserves, which were treated in a longer speech to the Leeds Chamber of Commerce in 1891, be considered to have forfeited their appositeness to the present day, although the particular circumstances under which the speeches were delivered have since undergone material change in some respects at least. The remaining article reprinted in the volume is, like those on "Seven Per Cent." and "Two Per Cent.," especially welcome, because we are now initiated into the secret of the authorship of what was at first anonymous. This article appeared in the *Edinburgh Review* in 1876, under the title of "The Depreciation of Silver." Perhaps in the fuller light, shed by further inquiry and closer and more persistent examination, the more appropriate description of the situation, to which the article drew attention, would now take the form of the "Appreciation of Gold," and the writer himself put forward in the course of his discussion the suggestion that certain conclusions, already placed beyond reasonable dispute, pointed in the direction of this emended nomenclature. Perhaps, also, the subsequent drift of events has rendered the whole discussion itself less pertinent to immediate circumstance than the reasoning of many, or most, of the other papers. But the same aptitude for penetrating scrutiny of the facts, and clear and persuasive presentation of the salient conclusions to which they probably conduct, and the same habit of studious deprecation of hasty, ill-considered conduct, or of rash, unfounded, and one-sided inference, which characterise the other papers, are conspicuously present in this article. Like those, it will enable the intelligent reader to discover easily for himself why Lord Goschen has won such high repute as the occupant of responsible offices of State, like the Exchequer and the Admiralty, and also

why the Fellows of the Royal Economic Society must feel that he has been, by general admission, the one public man of the last quarter of the nineteenth century who was peculiarly fitted to discharge appropriately the functions of the first presidency of their Society. This book is, in a real sense, a record of his life-work as economist and statesman; for it discusses economic matters which fall generally within the category of great affairs with a statesman's judgment and comprehensiveness, and a student's information and acumen. It brings economic knowledge to bear directly on important concrete statecraft.

L. L. PRICE

Le Retour à la Terre et la Surproduction industrielle. Par JULES MÉLINE. Third Edition. (Paris: Hachette, 1905. Pp. 320.)

THE fact of having been Prime Minister recommends an author well to his public, especially at the advent of his first book. His readers expect much knowledge, exceeding that of the scholar in his library, of one who has passed the greater part of his life engaged in militant politics, and who for several years has governed a great nation. As a French proverb has it: *Expérience passe science*. It is to be feared, however, that the reading of M. Méline's book will somewhat disillusionise the reader, at least if he be an economist. He will find here no new and suggestive views, many, on the contrary, which he will vote very superannuated. The greater public nevertheless will encounter therein many a wise counsel—of that sort which folk appreciate without any intention of putting them into action—much useful advice as to what should be done, and information on those institutions of rural economy which may bind men to the land. All this is presented in a very lucid style and with all the authority of sincere conviction. This is a sufficient explanation of the success of the book, which has gone through three editions in three months.

M. Méline takes as his starting point the thesis that manufacturing industry has no longer any future before it. Through its thoughtless excess in production it has reached an impassable limit. That this is so it confesses in the very fact of its creation of trusts, the object of which is to limit production. M. Méline quotes the figures given by the Office d'Anvers, according to which the total exports of the world rose from 46,000 millions of francs in 1897 to 60,000 millions in 1903, an increase of fourteen milliards in six years. Not all the markets of the world can absorb at this

rate. As another proof he quotes the index numbers of Mr. Sauerbeck, which show that the prices of industrial produce have gone down from 100 in 1877 to 70 in 1904. Again, the constant development of machinery is increasing surplus production of goods and want of employment for the workers. "The fatal result of this great progress of manufactures will be an inevitable reduction in the number of workers" (p. 75). And he concludes:—"The palmy days of manufacturing enterprise are passed and will be seen no more. . . . We need only refer to the balance-sheets of countless well-managed industrial concerns, and witness the contemptible dividends of two or three per cent. which they have been yielding for years, where there has been a dividend at all" (p. 203).

Without entering into a discussion on the foregoing figures, we must at least take exception to this last assertion. We have only to consult the columns of the Paris Stock Exchange prices to see that, on the contrary, the value of manufacturing shares has been incessantly rising, and that capitalists who are lucky enough to have any in their pocket-book have greatly added to their wealth. It would seem that M. Méline has been unfortunate in his own investments. But to resume our exposition. After showing us this gloomy vision of manufactures, M. Méline turns a rosy light on to agriculture. He admits the serious crisis it has been undergoing for twenty years, involving a depreciation in agricultural produce and, in consequence, in land. But thanks to the protectionist system of custom duties introduced in 1892, the crisis, so far as France is concerned, is over. "These tariffs have entirely changed the aspect of the agricultural world," he says. . . . "We are able to assert that the agricultural crisis has reached its limit Agricultural prospects are good, very good indeed. . . . They will soon be able to reveal, in a radiant sky (*sic*), the course of their destiny" (pp. 104, 105, 117, 309).

Just now we were taking exception to pessimistic distortion of the prospects of manufacturing industry. Here it is to excessive optimism about agriculture that we must make some reservations. How far he exaggerates M. Méline himself gives us proof, in another page of his book, where he says "the slump in the wines of the South of France has plunged the unfortunate vine-growers into such distress that many of them have found it impossible to maintain the scale of employing labour as before." He might to-day have gone further and told how many are grubbing their vineyards as I write these lines. No very "radiant sky," it would appear, for viticulture! And that is, as all the

world knows, the most important branch of French agriculture. Hence the antithesis which he draws between the decadence of manufactures and the prosperity of agriculture is somewhat fictitious, invented for purposes of argument.

But if we grant these premises as correct, the conclusion follows logically enough, and that is, for capital and for men, Back to the land !

The idea is not new. We find it put forward in Virgil. M. Méline, for his part, admits very frankly that he is only "expressing the sentiment which is vaguely working at the root of the general consciousness. . . . The call to the land resounds from end to end of the globe." The misfortune is that no one responds to it. Not only does the urban worker evince no desire to return to the soil, but the worker in the fields hastens to leave it. M. Méline admits this and deplores it. He quotes official statistics which show that the number of "journcymen landowners"¹ has fallen from 1,134,000 in 1862 to 589,000 in 1892—a diminution of nearly one-half in thirty years—and is to-day probably still smaller. What we have, therefore, to do is to invert the present tendency. And the greater part of the book is devoted to an exposition of the means by which this may be brought about. Let it suffice briefly to enumerate the more important among them.

1. In the first place the reflux of capital which, finding no longer its reward in manufactures, will be compelled to invest itself in land. It will thither be followed by so much of the population as is condemned to be out of employment by industrial over-production.

2. Next, the removal to the country of a certain number of manufactories. This will enable the workers employed in them to cultivate some little piece of land near their work, by way of a safety-valve. M. Méline refers in this connection approvingly to the garden cities "of Messrs. Lever and Cadoury at Bourneville" (*sic.*) (It is regrettable that these slips should have survived to the third edition. And there are others.) We are, however, inclined to believe that the employees in these firms do no agricultural work.

3. The founding of agricultural colonies, subsidised by the commune or parish, which shall receive vagrant labourers, convert them into cultivators, and, later, into landowners. M. Méline's confidence in this remedy seems exaggerated, and he bases it on facts which are inadequate where they are not unreliable. There

¹ *Journaiers propriétaires*. Peasant proprietors, the smallness of whose holdings compels them to hire themselves out for wages during part of the year.

is but little encouragement to be drawn from experience of institutions of this kind in Germany and in Switzerland.

Such are the methods proposed for bringing back to the land those who are not there. The following are those which are to keep on the land such as are there still.

4. The development among the latter of the spirit of association. "There is nothing more urgent at the hour that now is than to permeate agriculture with it through and through." Exactly! Unfortunately we must cherish no illusions about its efficacy, for M. Méline himself warns us that the practice of "association is so little in the blood of us Frenchmen that we would die rather than come to an understanding with our competitors." Notwithstanding this the author enumerates the different forms of agrarian association, and becomes very optimistic over the results already arrived at in France. He declares, for instance, that "our organisation of agricultural credit is decidedly one of the most complete and most perfect in existence" (p. 118). Theoretically, perhaps, this is true, but this estimate is, alas! greatly exaggerated when it comes to practice. It is enough to point out that the number of peasants availing themselves of this credit is so infinitesimal that three-fourths of the capital placed to their account by the Bank of France remains unused.

5. The organisation of a system of insurance and of relief for sickness and disablement, old age, and poverty, so as to confer on rural working folk "the same advantages as those of the town enjoy."

6. Facilitating the acquisition of land by founding societies, partly on a business footing, partly on a philanthropic basis, similar to those which have been organised for the acquisition of cheap cottages, and to prevent those who already own any from losing them, by creating family possession after the fashion of the American homestead or the German *Heimstatt*.

There are yet two conditions, negative, but essential, required for the return to the land. The first is the wiping out of agrarian socialism, the propaganda of which has begun in rural districts. For this M. Méline relies on the good sense of the French peasant. He hopes, too, that wealthy landlords will assist, taking as their example "the English aristocracy, which, through energy, generosity and civic devotion has succeeded in preserving its influence over the democracy."

The other condition is that the protectionist system, to which French agriculture owes its salvation, should not be upset. M. Méline affirms with pride that, whereas in 1886 France had to

import 441 million francs' worth of agricultural produce, in 1901 she was exporting 124 millions—a difference in her favour of 565 millions. "Such is the annual increase of her wealth, and, therefore, of her financial resources" (p. 107). But he reckons that France will not halt here, and will yet yearly increase her agricultural exports. He upbraids her with letting herself be out-distanced in the English markets by Denmark, and by Italy in the German markets. Here we have the old rule of the balance of trade faithfully rehearsed:—buy nothing of the foreigner "so as to keep money in the country" (p. 12), but sell as much to him as possible. For two centuries certain economists have thought they had sufficiently demonstrated the impossibility for any nation to export without importing. I do not know whether M. Méline has read them, but, anyway, he does not trouble himself to refute them.

English readers will not be surprised to learn that M. Méline expresses great admiration for Mr. Chamberlain, but they will scarcely be equally prepared to hear that that statesman's policy "is nothing else but a return to agriculture," and that on this account "Mr. Chamberlain has become the idol of the country districts." Their surprise will be doubly justified when they read on the same page M. Méline's explanation of Mr. Chamberlain's policy. This is to make England the city and workshop for supplying all her Colonies with manufactured goods, while she looks to the Colonies for foodstuffs. But if England becomes the workshop of the Empire, how shall she get her workers back to the land?—unless she make them all emigrate to her Colonies!

This example,—and others might be adduced—is sufficient to show that M. Méline's assertions are not exempt at times from contradictions. The book has apparently been written rather hastily, after the fashion of a political speech. As a whole, nevertheless, his advice is likely to be wholesome, not only for France, but, it may be, also for England.

CHARLES GIDE

The English Craft Guilds and the Government. By STELLA KRAMER, M.A. (Columbia University Press, New York. 8vo. Pp. 152. \$1.00.)

THE main purpose of this book is to formulate a destructive criticism of views which have been hitherto held by eminent economic historians as to the relations between the craft guilds and the central Government in England. The craft guilds were the

dominating feature of English industrial life between the fourteenth and sixteenth centuries; by the time of Elizabeth they change in character and become something essentially different from the old craft guilds of mediæval England. They have become associations of capitalists acting under the orders of the central Government. In attempting to account for this transformation much stress has been laid on a series of statutes purporting to regulate the guilds and the conditions of labour generally, the general effect of which was to accelerate the decline of the guilds as arbiters of trade in their localities. Miss Kramer's point is to prove that to whatever cause this decline may have been due, it certainly was not due to legislation. "That the English Government, thoroughly conservative in its industrial policy, was responsible by legislative enactments for the decline of the guild system is altogether unlikely. All the weight of available evidence shows the State encouraging the old craft companies to the last."

She begins by criticising Dr. Cunningham's view of the Act of 1437. In the preamble the guilds were accused of making "unlawful and unreasonable ordinances," and were ordered in future to submit their rules to the justices of the peace or the chief governors of the cities. This was a direct interference from above with a municipal institution, and Dr. Cunningham considers it to be an important step towards nationalising these institutions (I., 445).

According to Miss Kramer, this Act had no real effect and denoted no change, and cannot, therefore, be reckoned as a factor in the decline of the guilds. She brings out very clearly that, nominally at least, the municipalities had control of the craft ordinances for more than a century, and that the statute only reiterated the usual custom when it ordered the guilds to submit their rules to the chief governors of the city.

The novelty, however, seems to lie in the fact that the Government should interfere at all, and should back up the legitimate authorities. The statute itself seems to prove that the conduct of the guilds had become definitely a national affair, and though under so weak a Government as that of Henry VI. the Act possibly amounted to little more than a pious opinion as to what ought to be done, still, it formed the groundwork of the Act of 1503. Moreover, Miss Kramer adduces instances (p. 53) to prove that the guilds did present their ordinances for approbation to the municipalities, and therefore the statute was probably not wholly without effect, though, of course, they might

have done the same if there had been no statute. The importance of the statute lies in the fact that it constitutes a precedent for Government interference with the gilds. The thin end of the wedge is always the important thing in English law. We only progress by proving a precedent. It is only natural that the significance of a precedent should not strike an American who is not steeped in the historical-mindedness of the English temperament. It is this tendency to assume that what is in reality a change is nominally no alteration of what has gone before that makes it so difficult to trace craft history. Mr. Unwin, whose excellent book on Industrial Organisation Miss Kramer does not seem to know, has stated this very forcibly. "A love of compromise which prevents the latent issue from taking visible shape, a disposition to ignore transition and to disguise change—these are political virtues of the first order, but they are apt to obscure the significance of history by concealing the working of those ideal forces, by reference to which alone a progressive development becomes intelligible." It was no novelty for the Government to interfere in civic affairs. As Miss Kramer herself points out, it had already regulated the prices of bread and ale, and decreed uniform weights and measures. Here was the precedent which could be extended to industrial affairs, and in England, when once an interference has taken place, it is the groundwork of future action. Hence it seems to me that Miss Kramer has underrated the significance of the Act of 1437, and that Dr. Cunningham is right when he sees in it the precedent of the nationalising of industrial organisation.

The effect of the Act can be judged better when we come to the Act of 1503, which Professor Ashley has termed "a significant departure." This gave the supervision of the gild ordinances over to the judges. One can again argue that there was little change here. The justices of the peace, whether town or country, were judicial functionaries representing the Crown. It is merely an administrative change transferring the oversight from one branch of the judicature to another. But the new authorities were not local men, and therefore were probably more independent, and the alteration, in intention at least, signifies a tightening of the royal authority over the gilds. That this Act was not a dead letter is shown by the fact that the London companies obtained the proper legal endorsement, and if the great and wealthy City companies had to come into line, it is not probable that lesser corporations escaped. Indeed, there are many instances of such authorisation, although in some

cases, such as Exeter and Bristol, no record of such a proceeding seems to have survived. Miss Kramer seems to consider that the new Act must have failed in effect, since she has been unable to discover any disapproval of craft ordinances. This does not necessarily mean that the judges failed in their duty. It might equally be interpreted to mean that when the guilds presented their ordinances they eliminated those rules which they knew would not pass, and that the Act, therefore, had the required effect. Even if the judges ruled out certain ordinances, it is not likely that this would be recorded. They would pass those they approved of—no judge could condemn everything—and the general result would be a registered authorisation of the rules. The statute of 1503 had complained of the action of the craft guilds in regard to "prices of wares." Miss Kramer brings forward some interesting evidence to show that prices were in many instances fixed by municipal authorities, and not by the guilds, and she argues that the crafts did not "claim the power to determine the price of an article on guild authority alone," and that, since they never had the power of determining prices, they could not be deprived of it. Professor Ashley, she considers, is wrong when he maintains that the Act of 1503 was a great blow at guild authority in the matter of prices.

But the Government evidently considered that the guilds had the power to fix prices, for it directly accuses them in the preamble of making "unlawful and unreasonable ordinances as well in prices of wares as other things." It may have been unlawful for them to do this, but they obviously did it, for it forms the chief specific indictment against them. The preamble, by the way, purports to be quoting from the earlier statute of 1437, and seems to assume, therefore, that the guilds had the power of arranging prices when the earlier Act was passed.

Although Miss Kramer considers that "no important modification" follows this Act, she herself admits that it formed part of the whole industrial policy of the English Government, and as such, therefore, it clearly points to an overshadowing of guilds by the increasing authority of the central Government. It was an attempt to fit them into the national scheme of well-ordered life, in which the crafts were bound to lose initiative and the control of industrial life, and become mere instruments of the Government. The statutes point, not to the destruction of the guilds, but to their subordination. We notice the same thing happening directly the Poor Law gets fairly under way. It is first of all largely an affair of charity and the municipality. The State in-

terferes with a few general directions in 1536, making, so it would seem, little or no visible change. From that time onwards we trace the progressive intensification of control until we get the system completely nationalised and codified by 1601. The same tendency may be traced again in the nineteenth century in educational matters and in the factory laws. English history is composed of small experiments which accumulate into great schemes. Miss Kramer considers the re-enactment of an Act as an evidence of its previous futility. This seems to me scarcely an accurate interpretation. Almost every statute verbally strengthens its predecessor a little, makes some small change, and the aggregate is large. The Act of 1503, which dealt with prices, is followed up by the Acts of 1531 and 1537, which dealt with apprentices, till the whole is codified in the great Statute of Artificers, which, like all great pieces of English legislation, only purports to make clear something that has been already done.

The tendency of national control to dwarf municipal or local effort has scarcely been sufficiently allowed for in Miss Kramer's book. It can be traced very clearly in the Poor Law and in the educational question of to-day. Although one may not be able to say that any specific statute made any radical change, the tendency of a whole series of statutes against the guilds is undoubtedly to weaken the position of institutions which were before all concerned with town economy, local matters, and local trade. That the guilds were equally dwarfed by the capitalistic system arising up alongside of them is perfectly true, but, nevertheless, the reiterated declaration of the Government that certain proceedings were unlawful must also have materially weakened the prestige of the guilds, and made men regard the Government as the controlling power over the local monopolies.

Miss Kramer differs from Professor Ashley as to the effect of the Act of 1563 on the gild system. He looks upon the statute as marking the final superseding of the gild powers by the Crown. She considers that the system was in no way affected. She brings out very clearly that wages in towns had been settled hitherto by the municipalities acting in conjunction with the crafts, and she maintains that they still continued to do so.

But the Act was not wholly without effect. We see this from an instance given by Mr. Unwin (*Industrial Organisation*, p. 179). After the passing of the Statute of Artificers the Lord Mayor of London caused the clothworkers to inquire into the wages of the journeymen. Some received £4, some £5, some £6 by the year, but "in respect of the Act of Parliament lately provided they

have agreed to give every journeyman for his wages by the yere £7 if the Lord Mayor would so allow it." The result of the statute was to move the Lord Mayor to take action; the Lord Mayor stirred up the City companies, who determined the rate of wages, and the result was a more uniform, and in many cases a higher, rate of wages. From that time onwards, in London at least, the rating of wages was fairly constant, and as reports had to be made to the Privy Council, the gilds would be subject to a much more thorough supervision than before, and in so far their standing as industrial entities would be weakened.

I am therefore unable to agree with Miss Kramer when she considers that the series of statutes of the sixteenth century left the gilds unaffected. At each step the Government assumed more and more responsibility for industrial conditions. The cumulative effect of such statutes no doubt tended to accelerate the decline of the gilds, which were suffering at the same time from the competition of the capitalistic system. The Government certainly was not hostile to the gilds, although Henry VIII. found it convenient to appropriate some of their money. It was far too useful a thing to have men grouped together in some form where they could be effectively regulated, and could carry out the Government's instructions. But the statutes altered the position of the crafts. They had become in the sixteenth century national institutions and national instruments as they never had been before. Alongside, and far more important, were the justices of the peace, whose prestige overshadowed that of the gilds even as regulating agents. The essence of the old gild system was that the crafts were municipal institutions, and Miss Kramer has brought out in a very interesting manner how far they were, after all, dependent on the municipality. But because no sudden upheaval can be traced, it seems an exaggeration to say that the statutes were a dead letter. They were the expression of the subordination of the municipal to the national, which was bound to so alter the character of the merely municipal that it becomes a totally different thing. The Statute of Artificers professes to make no change, only to make former statutes clear. But clearness makes for efficient application, and in the hands of a vigorous administration like that of Elizabeth, the Government and not the gilds became finally responsible for the regulation of the industrial life of the nation.

LILIAN KNOWLES

Rates and Taxes as affecting Agriculture. By J. S. NICHOLSON.
(Swan Sonnenschein and Co. 1905. 2s. 6d.)

THIS little book is based upon the Gilbey Lectures delivered by the author at Cambridge recently. Briefly summarised, the author's contentions are that there are many anomalies and inequities in onerous local rates; that neither the "hereditary burden" theory nor the legal fiction that all land belongs to the Crown may be pleaded in justification; that true rent in agricultural districts no longer exists over a great part of the country; that the incidence of excessive onerous rates is to an appreciable extent on farmers and also on quasi-rents, with the consequence of discouraging application of new capital and renewal of old capital on agricultural land; and that the most promising suggestions for reorganising the whole system are those made by Sir Edward Hamilton and Sir G. Murray.

Any book written by Professor Nicholson may be expected to be both persuasive and readable, and this one is no exception. The small size of the volume makes it impossible to treat the matter with any fulness, but it serves as a useful introduction to the subject, and should help to dispel some rather prevalent illusions. The point most open to criticism is perhaps the treatment of the question of securing economy in the administration of Exchequer grants. Professor Nicholson argues that there should be no special danger of extravagance, since the ratepayers as a body are also taxpayers. He seems to overlook the fact that although every district would suffer from extravagance on the part of all the rest, it would not suffer at all appreciably from mismanagement of its own particular share of a grant, the only part over which it can exercise control.

With regard to the notion of the "hereditary burden," ought one not to admit this much about it, that where unduly high onerous rates have depreciated the value of property, the present owner, if he has purchased it since the high rate was imposed, cannot complain of injustice to himself? The mischief of inequalities of old standing is that they interfere with the most economical distribution of labour and capital. The inequity as regards the private interests affected is of a more temporary nature. Similarly, if the inequalities were abolished, there would be in some cases an inequitable advantage accruing to farmers and property-owners who had bought or leased land under the former conditions. The mistake made by both sides is in fixing attention on these incidental effects and ignoring that which is important to the community in the long run.

C. F. BICKERDIKE

Zur Wohnungsfrage. By CARL JOHANNES FUCHS. (Leipzig : Duncker and Humblot. 1904.)

PART I. of this work contains a number of essays that have been written at different times during the last four or five years on the housing question in Germany. Part II. gives an account of the author's investigations into the question in England, and is accompanied by a number of photographs.

To English readers Part I. should be of interest, and also of some instruction. The three towns of Düsseldorf, Elberfeldt, and Barmen have been selected for special treatment, because in them conditions are better than in most parts of Germany. The reason for their superiority is found in the greater proportion of moderate-sized buildings and small cottages. Elsewhere in Germany great tenement houses prevail. It is noteworthy that one important reason assigned for the prevalence of the latter is the nature of the building bye-laws. The ancient tenement system is taken for granted, and in the planning out of suburbs under municipal regulation streets are all made of a width to suit tall houses, with the result that land is made too scarce and expensive for the small cottage system, even if the subdivision into "Grundstücke" and the other regulations admitted of cottage building. The author is strongly in favour of the adoption of the cottage home, and condemns the preference for the more "bürgerlich" looking barracks. Rents are high even in Düsseldorf, where the bulk of the population have only two-roomed homes at rents of from 240 to 264 marks per annum, against 275 marks in Berlin. A good deal of discussion turns on the causes of the rapid rise in rents in recent years, and the part played by speculation and the mortgage system. The author, whilst rejecting the extreme view which attributes all the mischief to mortgages, finds in speculation a potent cause of mischief, and would have steps taken to hinder the easy transfer of property. It is not very plain why speculation should make prices higher on the whole. In spite of talk of the monopoly character of town land, it is not clear that the author means that the supply of urban land is absolutely cornered. One would suppose that the ultimate outcome would be great activity in building and a fall in rents; since the land speculator must build sooner or later if he is to make any money out of the property. Of course, in land, as in other things, speculation may increase prices unduly for a time when demand is increasing rapidly. The author speaks of the supply of urban land as incapable of increase, and belittles the influence of means of locomotion. "It is not only a question of

costs, but of working-time and nerves," he says. If the German authorities would adopt outside seats on the tram-cars, people might find the journey to and fro a healthy recreation.

On a theoretical point one must differ from the author, and the difference is of great importance. He argues that there is a fundamental difference between urban and agricultural rent because the latter is due to the greater productiveness of some lands, whilst in towns a building in the centre fetches a higher rent than an identical building further out. But the central building fetches more only because its occupation affords more net advantages. The author seems to overlook the fact that people congregate in towns and pay high rents because by so doing they increase the productive efficiency of their labour. The town industries afford higher wages as well as involving higher rents, and town workers are for the most part at least as well housed as country labourers. The result of ignoring this is seen in the last chapter, where one of the lessons deduced from consideration of English conditions is that Germany should try to prevent large town industry from developing to the extent to which it has developed in England, and the means hinted at is protection for agriculture. "What is the use," he says, "to the English working men of the blessings of Free Trade if at the same time the conditions of living get continually worse?"

The conditions do not grow worse. Wages have risen more than rents in consequence of the development of industry; and although we are far from satisfied with existing conditions, they are indubitably much better than they were when England was mainly an "Agrarstaat." Our people have flocked into the towns from the country because they believed that by so doing they could better their condition, and in the main the belief is justified. It is wholly erroneous to suppose that they were driven into the towns in consequence of any alleged ruin of agriculture.

The chapters on English municipal activity cannot be discussed at length. On the whole, the author's attitude is judiciously critical, but he should have mentioned some of the many cases in which municipal ventures have been unsuccessful in the smaller towns. This book is only a Prolegomena to a forthcoming larger work, and it is to be hoped that the author will give some attention to the criticisms of municipal attempts to solve the housing question, especially to the considerations urged by Professor Smart and Mrs. Fisher in recent numbers of the *ECONOMIC JOURNAL*,

C. F. BICKERDIKE

Dundee Social Union. Report upon Housing and Industrial Conditions and Medical Inspection of School Children.
(Dundee : John Leng and Co. 1905. Pp. 150.)

IN the summer of 1904 the Dundee Social Union, which for several years past has been engaged in attempts to improve housing conditions in Dundee, determined to conduct an investigation into some of the conditions affecting the poorer classes in the city. The results of this inquiry have been published, and the report, a document of no little interest, deals with housing conditions, family income and expenditure, employment and wages, women's labour, infant mortality, and the physical condition of school children.

Students of social questions have long known that the conditions prevalent in Dundee were peculiar, for the chief industrial characteristic of the town is its very large dependence on female labour. The jute industry, far the most important in Dundee, demands a large supply of women's and children's work. It is estimated that only 16 per cent. of the *employés* are men, 51 per cent. are adult women, of the remaining 33 per cent. one-third are boys, and the other two-thirds girls under twenty. Naturally this disproportionate demand for female labour has a marked effect upon the conditions of life in the town, more especially upon such matters as infant mortality, child-life, and the state of the home. Thus, for example, the Dundee infant mortality rate was 174 per 1,000 in 1904—a rate sufficient to place Dundee in an unenviable position at the head of the fifteen principal Scotch towns. Of these deaths, no less than 35·3 per 1,000 births (in the five years 1898—1902) were caused by respiratory diseases, “no doubt due to the fact that, when the mother is working, the baby is often taken out from a hot room into the early morning air to be left with some neighbour or at a *crèche*.” As may be expected, moreover, the infant deaths due to gastric causes are deplorably numerous. The babies, deprived of their natural food and of their mothers' care, left in the charge of dirty and ignorant old women, have but a poor chance of life, while those which survive too often suffer impaired health throughout their lives.

The other evils which, as experience has shown, usually exist in families dependent upon the woman's earnings, are prevalent in Dundee. Many of the school children are badly nourished, and too often very dirty. This is especially the case among the younger children, who are not capable of attending to themselves, and whose mothers are at work in the mills. The cost of food to a family where the mother works is very much increased, while

its nutritive value is slight. The actual conditions of employment are very far from satisfactory. The hand-sewing of sacks, for example, which is done at home, is very badly paid, and much time is wasted, as a woman may have to seek work from several factories, while the weight of the bundles is considerable. "A woman who can obtain as much work as she wants, probably assisted at odd times by other members of the family, can make barely 6s. a week."

That portion of the report which deals with the housing question is decidedly interesting. Overcrowding seems to be rife, as indeed one would expect among a population whose earnings are not high and whose standard is probably low. The sanitation and water supplies are often deplorable; indeed, one of the first conclusions to be drawn from the report is that the Dundee Town Council might with advantage bring pressure to bear upon the owners of tenement-house property. Much, no doubt, may be done by the personal interest of experienced workers, but it must be difficult to obtain satisfactory results on any large scale in Dundee. The whole report, which is clear and business-like, is a useful piece of work and provides much food for thought. It is obvious that the scope and duration of the inquiry is not sufficiently large to enable the reader to draw very definite conclusions, but one cannot refrain from wondering whether the continued existence of the jute industry on its present basis is a real benefit to the town.

LETTICE FISHER

The Brass-workers of Berlin and of Birmingham. (London : P. S. King and Son. 1905. Pp. 82.)

THIS "comparison" is a joint report by Mr. R. H. Best, a Birmingham brass manufacturer, Mr. W. J. Davis, secretary of the Brass-workers' Society, and Mr. C. Perks, a Birmingham Hospital worker, of observations made during a visit to Berlin with the object of learning "whether the brass-workers of that city have succeeded in attaining a more desirable physical and industrial life than that led by the brass-workers of Birmingham, and if such be the case, as has been asserted, to endeavour to get below the surface, and to inquire into their ideals and the method of working their institutions, and to obtain information as to the main lines of policy which differ from our own." The purpose of the brass-workers' errand being thus vague, it is no surprise that their report—real though is its value when accepted with a

full knowledge of its limitations—is a desultory document, without coherence or plan. The visitors went, saw, and were overcome by the wealth of instructive facts which confronted them at every turn. What they found they made a note of, and in this booklet their observations have been reproduced, much, one would suppose, as they were jotted down, and certainly without any laboured attempt to co-ordinate their facts, and not infrequently without taking due care to grasp their meaning. For example, on page 7 the writers devote a paragraph to secondary education, yet they do not seem to know that it is technical instruction to which they are referring, and that the new schools which the city of Berlin established early in this year—on the initiative of the Socialist members of the Town Council, by the way—are merely continuation schools for apprentices. But the work of social and economic investigation is a difficult work, requiring wide knowledge, great insight, a right sense of proportion, balance of judgment, and orderliness of mind, with honesty and painstaking thrown in as a matter of course. To expect all these qualifications in the Birmingham visitors to Berlin would be unfair, yet if their report cannot safely be recommended to any one who would form sound opinions on the industrial life of Germany's metropolis, its interest as a piece of literary impressionism is considerable. Naturally the authors were most struck by the admirable contrasts presented by Berlin life—that is, the life which they saw—as compared with life in Birmingham, and though some of their generalisations are too confidently expressed, and would probably be weakened by a second visit covering new ground, many of the deductions which they have drawn from observation well deserve all the emphasis given to them.

It is true, as the authors say, that the Berlin workman—and, indeed, this may be said of German workmen generally—is a sober, thrifty, respectful, and (because of that) self-respecting man, his wife a wonderful domestic “contriver,” and his daughters absolutely devoid of the vulgar love of cheap finery which is the bane of the English working-class girl. It is true that the instinct of order and obedience is one of the strongest in the German character, and that it accounts for much of the workman's efficiency. It is true that the demeanour of the German elementary schoolboy is marked by a courtesy and deference to his elders, a modesty, and a self-suppression which have ceased to belong to our English scheme of primary education. It is true that to all his corporate tasks the German brings a love of

system, a thoroughness, and a careful adaptation of means to ends which elevate the business of self-government into a science, and no better illustration of this can be cited than Berlin itself. All that the writers say on these and similar topics is correct and deserves to be taken to heart. When, however, from the order and harmony which they found to be visible on the surface of social life in Berlin they would have their readers draw such a far-going conclusion as that there is little or no want in Berlin, the partial character of the picture they present comes at once to light. "It is here that one recognises the fundamental difference between "observation" and "investigation." The Birmingham brass-workers were content to observe; had they investigated they would have discovered facts which would have checked and corrected some of their roseate generalisations. For example, though the family life of the Berlin workman is represented as almost all it should or could be, the fact remains that the infant mortality of Berlin (*i.e.*, children under one year) is 19·8 per 100 of those born, while in London it is only 13·1, in Edinburgh 11·7, and even in Birmingham only 17 on the average of the past three years (15·7, 15·8, and 19·5).

The writers, again, saw only well-paid and comfortable work-people in Berlin, and that Berlin has plenty of the kind is true enough, but there is food for reflection in the fact that, in spite of the Sickness, Accident, and Old Age and Invalidity Laws which are rightly praised, the Poor Law Administration of the city has to spend nearly a million pounds a year in the support of its paupers of all kinds. It is a striking fact also that during last year 630,714 persons had to seek refuge in the municipal Shelters for the Homeless. Comparisons of public morality, too, are not to be determined by mere cursory observation. One reason for the orderliness of Berlin's streets is the fact that in Germany the doctrine that every man should do as he likes is not tolerated. Half a hundred of our own street pests—from the fraudulent mendicant to the woman of ill-fame—are in a well-managed German town refused permission to ply their craft publicly with impunity. Enough, however, of criticism. So long as the booklet is taken and judged for what it is—a record of miscellaneous observations, undertaken in no scientific spirit, but with the purely artistic object of constructing a picture of life and manners, as viewed from one point of view—it will achieve a useful purpose. It would, however, be unfair to the writers and to their purpose to claim for it the merits of a serious sociological study. . .

WILLIAM HARBUTT DAWSON

British Railways and Goods Traffic. Is the Foreigner Preferred?

By ALFRED DUDLEY EVANS. (Published by the *Birmingham Journal*. Pp. 56.)

THIS is a monograph, a portion of which appeared, in a somewhat different shape, in the *ECONOMIC JOURNAL* for June last. It obtained, we learn from the preface—and we venture to say it deserved—the Gladstone Memorial Prize in the Faculty of Commerce of the new Birmingham University. The scope of the essay is sufficiently explained by the title. Mr. Evans's answer to the question which he propounds is an emphatic declaration that the foreigner is not preferred; that "British railways are now carrying out the provision of the Traffic Act, 1888, which is that no railway company shall make . . . any difference in the treatment of home and foreign merchandise in respect of the same or similar services."

There is no need to analyse Mr. Evans's work. He has taken all the instances of alleged favouritism that have come to his notice, and shown, sometimes that the rates have been merely misquoted, sometimes that, though the rates may have been accurately quoted, the inference, which is sought to be drawn from them, is erroneous. Till Chambers of Commerce, or dissatisfied traders, can produce new instances which will better stand impartial examination, Mr. Evans's contention holds the field. It will be more profitable to note one or two points on which we think his thesis needs revision. On pages 20-21, basing his statement on a table published in Pratt's "*American Railways*," Mr. Evans says:—"So much greater is the mileage of the railways in the United States, that, when the total tonnage is spread over it, the average per mile is not one-third of that of the United Kingdom." This is a mistake. It is true that Mr. Pratt's table gives "tons carried per mile of single track" as 5,151 for the States and 11,556 for the United Kingdom. But these are only tons dealt with, and the distance each ton is carried is ignored, because, as is notorious, English railway companies do not know themselves how far they carry the average ton. In America the average ton is carried between 140 and 150 miles. In England we may safely guess, on the basis of the figures of the North-Eastern Railway, which are known, that the distance is less than one-fourth. In other words, in order to ascertain the number of tons passing over each mile of single track in the year, we must multiply the American figures by 140 and the English figures by 35. That is to say—and the point will probably cause

to the reader as much surprise as it did to the present writer when it was first forced upon his attention—the average density of freight per mile of single track is, in the United States, more than double what it is in the United Kingdom. Seeing that the average mile of track has cost in England three times what it has cost in the States, if that cost has to be charged in England on less than half the volume of traffic, we need not expect that English goods rates can ever come down to anything approaching the American figure.¹

On another point we must join issue with Mr. Evans. "British traders," he says, "are suffering, not so much from any shortcomings of the home railway, as from the iniquitous system under which Continental countries, by the manipulation of their railway and shipping freights, give practically a bounty on their exports." Why "iniquitous"? That the system handicaps British manufacturers and traders may be agreed. But that is precisely what it is intended to do. The tariff policy of, for instance, Germany is carried out, partly by customs duties, partly by manipulation, if Mr. Evans likes the word, of railway rates. That policy may be mistaken, may be unwise, but is surely not immoral. The important point in the present connection is to notice that, however much English railways might desire to copy it, however much they might think it in the interest, not only of English trade, but also of their own dividends, to do so, they are peremptorily forbidden by the Act of Parliament already quoted from making any difference in the treatment of home and foreign merchandise. The irony of the situation is noteworthy. For it is safe to say that the bulk of the supporters of Lord Jersey's amendment in 1888 are to-day to be found on the side of Tariff Reform. And now they are likely to be hit by their own boomerang.

We trust not only that Mr. Evans's excellent paper will be widely circulated—in his next edition he might correct the slip of speaking of "the Granger Laws of half-a-century ago," for the earliest was, we think, the Potter Law in Wisconsin in 1874—but also be the forerunner of a series of economic monographs produced by the Birmingham University worthy to rank with the publications of Johns Hopkins, Chicago, and other young American Universities.

W. M. ACWORTH

¹ This comparison ignores passenger traffic, the greater volume of which, in England, helps in some measure to redress the balance.

Eleventh Special Report of the Commissioner of Labour. Regulation and Restriction of Output. (Washington : Government Printing Office. 1904. Pp. 932.)

THIS bulky volume, which, although it bears the date of 1904, has only recently been issued, treats of the Regulation and Restriction of Output in the United States and Great Britain. Considerations of space, however, make it impossible to deal here with American conditions ; but of the eleven chapters, which treat of our own country, a brief analysis will be given. The "Introduction" states, that "the serious discussion of the restriction of output as a policy arose with the issue, by the International Federation of Ship, Dock, and River Workers, of the famous Ca'canny circulars of October, 1896." The essence of this policy was thus expressed in the testimony given in 1902 by Mr. J. H. Wilson, General President of the National Sailors' and Firemen's Union of Great Britain and Ireland, before the Mercantile Marine Committee appointed by the Board of Trade : "If the shipowner, who can afford to pay wages, takes advantage of the men who are not sufficiently organised to get what I call reasonable pay, then the men, in my opinion, and in the opinion of others, are perfectly justified in saying to that shipowner : 'Then, if you will have cheap labour, you will get labour of a poor quality,' and that is Ca'canny."

It is, however, proper to remind the reader that Ca'canny was a practice (in the nature of a partial strike) advocated at a particular juncture as a means of securing from employers in certain trades the concession of conditions more favourable to the workmen than those obtaining at the time ; and this Report states that "in the last few years the officials of the National Unions have openly, and, it is believed, sincerely, discountenanced a direct restriction of output, and now do what they can to prevent it." It is, of course, easy to suggest, that "it is not at all impossible that, the doctrine having been preached, a general feeling may run through large bodies of men in the local unions that this is a proper and an effective weapon to use in order to get even, as they express it, with their employers. It is not at all impossible that under the pressure of public opinion a local union may formally abolish a rule, and thereafter act as if the rules were still on the books." But even the least good-natured hypotheses are not, in themselves, conclusive evidence of guilt ; and *credo quia non impossibile* would be a poor canon of judgment.

In the printing trade the Report states, that "there is a general belief, not only among the foremen, but also among the

compositors, that £3 10s. a week is enough for a man to earn in London, and that he should not be allowed to earn any more, for the reason that, if he does earn more, he is taking work away from someone else." But an examination of the circumstances attending this restriction will show it to be based upon special circumstances, being, as this Report shows, due to the fact, that the men in a composing room prefer to see the "copy" evenly distributed between them, rather than that one man should (possibly under some arrangement with the foreman in which the pecuniary interests of this official are not altogether neglected) have constant work while other men find work coming to them only in inadequate quantities. In any case, the matter cannot be fully understood without considering the effect of the non-recognition by the employers of "standing time" (payment for the time during which a compositor is kept waiting for "copy"), a system which obtains in the United States, but was abolished here some years ago. The full explanation of this matter given in the Report, but too lengthy for reproduction in this place, enables the reader to understand the conclusion there arrived at, that "the real restriction of output came about in the doing away with pay for 'standing time,' when machines were run on piece-work, and in the practically unrestricted regulation of the distribution of copy at the will of the foreman."

In the engineering trade complaints of restriction of output, or more often of practices which, however unfavourable they may be to the maintenance of the highest possible productivity of labour *plus* machinery, do not in themselves directly involve any restriction of output, were found to be loud and numerous. But the amount of clear evidence of real restriction of output, pure and simple, obtained in this investigation is by no means large. Take the first definite instance cited—the men's objection to work on piece-work, or under systems of premium bonus ("gain-sharing"). How much more (in the opinion of this American investigator) this objection really has to do with the men's wish to get sixpence, and no less, for "sixpenny-worth of work" than with any desire to limit output, whether in order to "make the work go round" or for any other reason, is shown by the observations made in this Report:—

"The more the subject is investigated the more one comes to feel that, broadly speaking, the employers are struggling to change the methods of work and pay, with a view to cutting down the labour cost per unit of product, and that, viewing the experience of these [the last seven or eight] years as a whole, the piece-price has actually

been largely used, as working-men allege it has been and will be used, to demonstrate the fact that the working-men are not working as hard as they can, and when this fact is demonstrated, the piece-price will be abolished and the men put back on day-wages and an attempt made to compel them to keep up the pace established under the piece-price system. This, of course, is simply going back to the stint or task method, namely, day-wages, under which it is required that a certain amount of work shall be accomplished by the workmen under penalty of dismissal. The working-men quite generally believe that they are giving a fair day's work for the pay they are now receiving, and that the preservation and extension of collective bargaining are absolutely necessary for the preservation of the union, hence they are strenuously opposed to the introduction of piece-price rates by individual bargaining, and insist on collective bargaining and on a guarantee of the previous time-wages. This they consider a necessary safeguard against holding the men on piece-wages in the shop and not furnishing them with sufficient material or facilities for doing work enough to earn their standard or time-wage. For the same reason working-men, believing that the pay per unit of product to-day is not excessive, oppose piece-price because it is customary to fix a maximum which one may earn under piece-price at from one-and-one-third to one-and-one-half times day-wages. This points to the old trouble, namely, pressure on the part of the employer to reduce the price per piece, which becomes irresistible when employees begin, on an agreed price, to earn more than about one-and-one-third or one-and-one-half times day-wages. In justification of this position, it should be added that many employers admit that both the piece-price and the bonus systems were intended to be used, and are frequently used, just as has been indicated above."

With respect to the opposition offered by the workmen to the introduction of machinery, the Report states that "the knowledge is gradually permeating the English working world that, whether they will or not, improved machinery will eventually be introduced into English shops. Therefore, the tendency is for controversies over the machine question to become less frequently a question of one man tending more than one machine and things of that sort, and more frequently a question of the rate of pay to be received under the new conditions which, as such, the workmen are opposing less and less."

In relation to iron moulders, what looks like a real case of restriction of output is described as follows: "The secretary of an employers' federation alleges that the moulders had a formal rule limiting the amount of work to be done, a rule which they attempted to keep secret; but he procured a copy of the rule, and

when the moulders found it out they pretended to abolish the rule, but lived up to it, under a general understanding, quite as thoroughly as they did when the rule stood on their books." This statement may very possibly refer to a district bye-law more or less identical with that quoted (as in force in this trade) in *The Times*, November 21st, 1901 :—

"Should any member of these branches consider that any of their shopmates are doing work in less time than it has taken formerly to do, whether set work or day work, or, if piece-work, doing for less money than the amount previously paid for the same work from the same pattern, it shall be the duty of each and every member in the shop to warn such members of the consequences attending the same, or be fined 2s. 6d.; and should the offenders after this notice still persist in the same course, it shall be the duty of the shop steward to acquaint the president of the same, &c."

It is, however, proper to remark that a rule of this nature is by no means necessarily aimed at "making the work go round," but may very possibly be mainly intended to prevent the employer from being able to obtain, whether on time-wage or on piece-wage, more than "sixpennyworth of work" for sixpence, an intention inevitably present under any and every form of collective bargaining.

A very large part of the chapter which deals with shipbuilding is taken up with evidence "of the fact that the keeping of the irregular time, as well as the small number of hours worked per week, on the average, are among the greatest evils in the ship-building trades." But this fact has only an indirect connection with the subject of this Report, which is the diminution of output caused, not by working-men "playing," when they might be working, but by their intentionally working, when they are at work, with less intensity than they are, without undue exertion, capable of displaying.

In the particular case of the caulkers, who "usually have a formal limitation of the amount of work to be done per day," if it be true (as this Report appears to admit) that "if they are to earn their traditional wages they must keep pretty steadily at it," this limitation, which is mainly due to the desire of these time-wage workers to prevent their employers from getting "sevenpennyworth of work" for sixpence, can hardly be considered as an instance of what M. Yves Guyot so happily terms "*le Malthusianisme du travail*."

As to piece-workers, the statement made by a "noted ship-

builder," that "in his opinion the old hostility against piece-work was that it was coupled with a limitation of earnings to one and one-half times the time-wages, but since abolishing this limit the firm has had no trouble," goes to the root of the whole matter.

In the boot and shoe industry there is a good deal of evidence tending to show that the men were not allowing the newly introduced American machines to yield anything like the full output, which could be got from them, if properly worked. Here we have to deal with the difficulties inseparable from the adoption of payment by time instead of payment by the piece, the method to which these workmen had always been accustomed; and the remark of "a leading manufacturer of boot and shoe machinery," that "what is needed more than anything else is a proper and fair piece-price list, which, if it could be once established and guaranteed, would in his opinion induce the men to do as much as is done in America," may possibly point to the direction in which we should look for the ultimate solution of these difficulties.

The Report states that "it is probable that the building trades, especially bricklaying, have given as much occasion for discussing the question of restriction of output as any other." One would have thought that in this case some clear evidence—at any rate of diminution of output as between the present time and, say, twenty years ago—would have been forthcoming; but in fact "few, if any, records exist which make possible a determination of the number of bricks laid per man per day on any specific kind of work." However, the Report contains an account of an investigation made into the circumstances of a particular building job, in which evidence, apparently of much importance, but far too voluminous to be cited here, is brought forward to support the conclusion arrived at, "that there was great and deliberate restriction of output in the various branches of the work," the bricklayers, in particular, doing considerably less than one-half of a fair day's work.

In regard to the cabinet-making trade, the restriction of output, which, according to the statements contained in this Report, is extremely common, appears to be really due, in the main, to the desire of the workmen to get as much money for their labour as they can, and for this purpose to make the size of "sixpennyworth of work" as small as possible. An instance is cited, in which men were put on to make a new article, and dawdled over the job so much that its labour-cost was 22s.; below

which price the men refused to make it. Ultimately, the employers got the work done on time-wages at 9s. 5d. Under such circumstances, it is only natural that employers should complain of restriction of output. On the other hand, "the foreman of a large cabinet factory" gives it as his opinion that, "regarding the Ca'canny policy of the workmen, to them its adoption was necessary," and cites the case of a man who "worked with three different employers at stated periods. With the first he received 27s. per week; the second first paid him 32s., and afterwards 34s. per week, while the third firm paid him 38s. per week. Query: Should circumstances cause him to re-start with the first firm, can he be blamed for restricting his output when working for a firm who pay him 11s. per week less than another?"

In street paving such restriction on output as exists again appears to be to a great extent due, not so much to the unwillingness of workmen to do their best, as to their reluctance to give their employers more than "sixpennyworth of work" for sixpence. Thus "one of the large paving contractors of Great Britain" writes:—"My experience with the different tradesmen is that where more than the union wages are paid I get more work out of the men, and it is my invariable practice to pay more than the union wage, as I find where only the union wages are paid the men have an understanding that they will not do more than a certain amount of work, and wherever possible I put the men on piece-work, but this is not allowed by the union in some towns."

In cotton spinning and weaving it is gratifying to learn that no restriction on output was found. This the Report attributes mainly to the fact that the operatives realise the severity of the foreign competition to which this industry is exposed.

In regard to coal mining, the only evidence of restriction of output put forward in this Report has to do with "stop-days," that is, "certain days and times when the mines are closed without due consent of the employers by the fact that the workmen simply do not appear to go to work, or just before they wish to take a holiday give notice without consulting the employers that they will not work on certain days." But the incapacity to resist the attractions of race-meetings and football matches, which is the principal cause of the circumstances here referred to, is surely a very different thing from laying 300 bricks per day, when 600 constitute a "fair day's work."

In the concluding chapter it is stated, that "it will probably appear to one who has read the foregoing Report that a study of

the question of restriction of output in Great Britain is not as simple as it has been supposed to be." This is a conclusion which the brief analysis of the Report contained in the preceding pages will, it is believed, explain and justify.

DAVID F. SCHLOSS

The History of the Standard Oil Company. By IDA M. TARBELL.
(2 vols. 8vo. Pp. xix + 406, xiii + 409.)

It is difficult to write about Miss Tarbell's remarkable achievement without using language approaching the edge of hyperbole. So careful is she in her facts, so sane in her judgments, that she seems to have reached the high-water mark of industrial history. Nevertheless, it will not be surprising if some of her readers confess to a feeling of disappointment on laying down her volumes. The Standard Oil Company has been so portentous a creation that men have not been able to think or write calmly about it, but have gone off into ecstasies of hatred. To such people Miss Tarbell's calm restraint will appear unnatural, unbefitting her subject, and yet her spirit of scientific inquiry is the only one suitable to the occasion. By it alone can a precise narrative of the facts, a reliable analysis of causes and effects be secured, and it is Miss Tarbell's great praise that she has put together once and for all a solid structure upon which economists and politicians can erect their theories.

The history of the Standard Oil Company is the story of one man, John D. Rockefeller, to whose genius the conception of the great monopoly was due, without whose implacability its realisation would have been impossible. Surely never did so strange a figure occupy the industrial stage! An intensely religious man, a sincerely professing Christian, a teacher in Sunday-school, profuse in charity—such is one aspect of the man; but in another he is a greedy money-grubber, reckless of law, of country, of the rights of others, pitilessly crushing every opponent beneath him, until at last he sits remote, the diabolic master of a power which threatens the State and seeks to enslave all the citizens. Moralists and psychologists have often puzzled themselves over the vagaries of this or the other great man, but never have they faced a problem so insolubly contradictory as that presented by the ruler of the Standard Oil Company.

The dominant impression which one carries away from Miss Tarbell's *History* is the inevitableness of the whole development. Given the man and his environment, the result was certain.

Such a man as Rockefeller could never have achieved his purpose except in a society where his predatory faculties awoke some sympathy. The creed of "devil take the hindmost" has always found many believers in every stage of civilisation, but in most countries to-day their grossest excesses have been restrained in the interests of the common weal. It is well to avoid pharisaism—we have too many black spots in our own civilisation to indulge in that luxury—but yet it is only plain truth to say that nowhere has anarchy reigned so widely as in American industry and finance; nowhere has the weak toleration of dishonest—euphemistically called "smart"—practices been so prevalent. Miss Tarbell eloquently drives home the moral, and insists that if the methods of the Standard Oil Company were blameworthy, the blame must be shared by a society where "'it's business' has come to be a legitimate excuse for hard dealing, sly tricks, special privileges." "Canonise 'business success,'" she says, "and men who make a success like that of the Standard Oil Trust become national heroes! The history of its organisation is studied as a practical lesson in money-making. It is the most startling feature of the case to one who would like to feel that it is possible to be a commercial people and yet a race of gentlemen. Of course, such practices exclude men by all the codes from the rank of gentlemen, just as such practices would exclude men from the sporting world or athletic field. There is no gaming-table in the world where loaded dice are tolerated, no athletic field where men must not start fair. Yet Mr. Rockefeller has systematically played with loaded dice, and it is doubtful whether there has ever been a time since 1872 when he has run a race with a competitor and started fair. Business played in this way loses all its sportsmanlike qualities. It is only fit for tricksters."

Anarchy among the oil-producers and their incapacity to control an irregular and rapidly increasing output gave Mr. Rockefeller his opportunity; if he could get the refining business into his hands he could control the whole industry. The anarchic conduct of the railway companies in refusing to recognise their elementary obligation as common carriers to treat all customers alike—a duty enforced by law in this country—placed in his hands the weapons of the rebate and the differential rate with which he was able to beat down all competing refiners. Once the combination was launched it was slowly brought to perfection by the unequalled business capacity, the unrivalled talents for organisation possessed by the leaders in the conspiracy. Technical processes and business methods were alike vastly improved, and

monopoly wedded in a bigamous marriage to unscrupulousness and efficiency brought almost fabulous wealth to Mr. Rockefeller and his associates. Apologists for the Trust have pleaded that it has greatly reduced the price of oil, and on this point it is worth while to quote Miss Tarbell at length :—"From the beginning of its power over the market the Standard Oil Company has sold domestic oil at prices varying from less than the cost of the crude oil it took to make it up to a profit of 100 per cent. or more. Wherever there has been a loss, or merely what is called a reasonable profit of, say, ten per cent., an examination of the tables quoted above shows conclusively that it has been due to competition. The competition is not, and has not been since 1879, very great. In that year the Standard Oil Company claimed ninety-five per cent. of the refining interests of the country. In 1888 they claimed about eighty per cent.; in 1898, eighty-three per cent. This five to seventeen per cent. of independent interest is too small to come into active competition, of course, at all points. So long as one interest handles eighty-three per cent. of a product, it is clear that it has the trade as a whole in its hands. The competition it encounters will be local only. But it is this local competition, unquestionably, which has brought down the price of oil at various points and caused the striking variation in prices recorded in the charts of the Industrial Commission and other investigations. . . . Indeed, any consecutive study of the Standard Oil Company's use of its power over the price of either export or domestic oil must lead to the conclusion that it has always been used to the fullest extent possible without jeopardising it; that we have always paid more for refined oil than we would have done if there had been free competition. But why should we expect anything else? This is the chief object of combinations." In the candid words of the Standard Oil magnate, Mr. H. H. Rogers, before the Industrial Commission :—"We are not in business for our health, but are out for the dollars."

HENRY W. MACROSTY

Monopolies, Trusts, and Kartells. By FRANCIS W. HIRST.
Books on Business. (Methuen and Co. 1905. Price 2s. 6d.
net. Pp. viii + 179.)

THE chief defect of this book is that it attempts too much, and, consequently the author is able to do justice neither to himself nor to his subject. So far as can be determined, his aim is to

demonstrate that all private and most public monopolies are anti-social, to prove that Great Britain has nothing to fear from the competition of foreign trusts, and to show that in a free-trade country like ours combinations can never develop to any dangerous extent. To compress so wide a discussion within the space of one hundred and seventy-nine pages of something under two hundred and fifty words to the page is obviously impossible without omissions so great as to detract seriously from the value of the book. After an introduction of twelve pages, dealing with definitions, comes the first part of the book, embracing ninety pages, and entitled "Monopolies in General." It is, the author says, "an unpublished essay which gained a prize at Oxford in 1899." Considered from the point of view of a college prize essay, it is an excellent piece of work, exhibiting both research and thought, but regarded in the light of the work which Mr. Hirst has done since, it is to be regretted that it was not entirely re-written. Advocates of monopoly, whether in the form of trusts or of national industries, may certainly read it with profit, to see what arguments a clever University man can advance against them, but it is pretty certain that they will lay it down unconvinced. Mr. Hirst appears as an out-and-out advocate of competition, a position for which a great deal can be said, but which he does not say. Take, for instance, the following passage:—"It is admitted, however, that if any gigantic operation which admits of profit is permissible to a Government Department, the regimental monotony of the postal service gives it a natural right of priority. But its extension cannot be contemplated without uneasiness. The nationalisation of the telegraphs was accompanied by a grave public scandal, and the subsequent history of English telegraphs, though more respectable, is not exhilarating. Our telephone service is almost the worst in the world." His remedy is to municipalise the service in the large towns, which is not at all logical, and implies an antagonism between the "State" and the "Municipality" which does not exist. Again, in criticising the decision of the Law Courts, in the Mogul case, not to interfere with agreements in restraint of competition, he does not see that any argument for interfering is logically extensible to cover any scheme of nationalisation. On the other hand, his opponents will thank him for his clear demonstration that only during a relatively short period of our history has "free" competition been the rule in British trade.

In two chapters, covering forty-nine pages, Mr. Hirst deals trenchantly with the "dumping" fallacy, but, apart from that,

his economic analysis of the trust problem in Germany and America is far too scrappy to be of real value. The last chapter, of twenty-two pages, is devoted to "English Trusts and Combinations." The examples taken are fairly discussed, but they are insufficient even as types of the great fusions. Price and pooling associations are not mentioned—shipping rings are dismissed in ten lines in an earlier chapter—and the partition of the iron industry among a comparatively few large concerns is not dealt with. The modern tendency towards private regulation of markets and industry by temporary or permanent combinations is never fairly faced. The book is disappointing, for we have the right to expect much better work from Mr. Hirst.

HENRY W. MACROSTY

Socialism and Society. By J. RAMSAY MACDONALD. (London : The Independent Labour Party, 10 Red Lion Court. 1905. Pp. 185. 1s. 6d.)

THIS is the second volume of the Socialist Library, and attempts to "state the socialist position to readers in this country in a way more in accord with British mental and political conditions than has hitherto been done." The task is an ambitious one, but few persons are better justified in undertaking it than the secretary to the Labour Representation Committee. Although he does not appear to us to have been quite successful, his moderation on immediate questions ought to exercise a healthy influence on the socialist movement.

The weakest part of his work is his statement of general principles. His sociological method is evidently derived from Spencer, and he bases his argument upon the doctrine that "society belongs to the biological type of existence." His proof of this theory rests on a short and vague passage consisting of analogies which impress one as somewhat superficial. He, however, concludes that if he can find a sufficient number of parallels between the evolution of an animal organism and the development of a society towards socialism, his case is proved. These parallels may convince many of his followers who wish to be convinced, but to us they appear to be strained, and we cannot avoid realising that others can find equally ingenious parallels to support the opposite conclusions. In some passages, indeed, it is difficult to tell whether the author is drawing a scientific analogy or merely indulging in metaphors borrowed from biology.

Mr. Macdonald is at his best when he turns to the more im-

mediate policy of his party. Only a small section of English socialists now adhere to the doctrines of Karl Marx. But this repudiation of "catastrophic" theories involves a further change of outlook which few socialists have yet realised. By insisting that they are not revolutionary they commit themselves, whether they wish it or not, to a merely experimental socialism. If their ideal is to be approached gradually, every movement towards it becomes an experiment, of which the results can be tested. Mr. Macdonald has realised that the possibility of a socialist state must be judged by these results, and not by *doctrinaire* reasoning. His appeals to his party for "patient experiment" and for "laboratory work" strike a note which they are not used to hearing. He will certainly not find it easy to impress his attitude upon his followers, for to the most active of them socialism is a religion rather than a series of tentative proposals. For example, the last conference of the Labour Representation Committee adopted the usual socialist formula, declaring its ultimate object to be "the public ownership of all the means of production, distribution, and exchange." But we doubt whether Mr. Macdonald, who only advocates that experiments should be undertaken to test the wisdom of this proposal, was logically justified in committing himself to it before the experiments have been made.

H. B. LEES SMITH

Trade Unions. By GEOFFREY DRAGE. (London: Methuen and Co. Books on Business. Pp. 203. 2s. 6d.)

THIS sketch is intended for those politicians who have had trade unionism forced upon their notice by the Taff Vale decision. Some parts of it have a further value as a corrective to the later chapters of Mr. and Mrs. Webb's history of the subject. From the time of the dock strike and the rise of "new unionism," one can scarcely expect from Mr. and Mrs. Webb a quite impartial account of contentions in which they were active partisans. Mr. Drage also played a small part in these events, and is by no means unbiassed, but his bias is in the opposite direction to that of Mr. and Mrs. Webb. Occasionally this bias leads him to a somewhat serious distortion of facts. An example of this is the description of the "new unions" as bodies formed primarily for socialist agitation and only secondarily for the ordinary purposes of a trade union. Had this been the case they would not have attracted masses of adherents who cared little or nothing about

socialism. All that occurred was that their founders were often socialists, and sometimes succeeded in introducing a socialistic phraseology into the statement of their objects.

In his very practical description of the machinery by which modern trade unions are administered the author shows that he made good use of his opportunity when he was secretary to the Labour Commission. The only inaccuracy which we have noticed in this part of his work is the statement that "the delegates to the Trade Union Congress elect the president each year, giving preference to a delegate of the town in which it is held." This used to be so, but as the position was found too difficult for local delegates, who were often young and inexperienced, it is now held by the chairman of the Parliamentary Committee. The book closes with a conscientious if somewhat laboured application of economic theory to trade unionism.

H. B. LEES SMITH

Essays on Economics. By H. Stanley Jevons. (Macmillan. 1905.)

THE dramatic interest of the appearance of Mr. Herbert Stanley Jevons's volume of essays at this precise moment is so great that the most staid of reviewers could hardly fail to be startled out of the merely impersonal and academic attitude of mind, and must surrender himself for a moment to personal interests. Nearly fifty years ago William Stanley Jevons threw up a lucrative position and splendid prospects in Australia to begin life again under every outward discouragement in the hope of making himself a "powerful good" in the world by writing on Economics. How he pursued his purpose, sometimes almost with a breaking heart, how nobly he ultimately vindicated his bold determination, and what serene peace and bright hopes surrounded his personal life at last, is known to all readers of his *Letters and Journal*. And now his son, with whom, as a child, we made acquaintance in that volume just upon thirty years ago, has thrown up the honourable position which he early attained in the world of science, and has come back from Australia to devote himself to the study of Economics, to popularise, to elaborate, and to supplement his father's work.

*Inque brevi spatio mutantur saecula animantum
Et quasi cursores vitae lampada tradunt.*

The present reviewer was called upon in the last number of the ECONOMIC JOURNAL to record his impressions of the latest work of the elder Jevons, and in this number he asks leave, in the

name of the students of Economy, to welcome the younger Jevons into their ranks.

But this close succession has not been brought about without some sacrifice on either side. We have had to wait the best part of a generation for the last words of the father, and the son confesses to something like premature gathering of the firstfruits of his toil with "forc'd fingers rude" anticipating, as he says, "perhaps four or five years" (p. vi.) which might have been required for their mellowing.

University Extension work led him to grapple with all those details which the writers of books are bound to assume and the readers of books never fully realise. He felt how much remains for the individual student to place in order and to work out in detail before he can establish a living contact with his subject and can become a living medium through which it can reach his hearers. An enthusiastic teacher, obviously possessing the power of waking enthusiasm in his hearers, he evidently felt the shock of surprise and delight which awaits every student at the moment when formulæ and demonstrations become living and moving things, demand a vital medium and vital sustenance, and threaten to run away if we do not catch and harness them afresh to our own chariot. Perceiving how long a task it would be to make a consecutive whole of the pregnant thoughts that crowded upon him, he resolved, in his own phrase, to give an "interim report" (p. v.) of his inquiries. Even if (as appears to us to be the case) there is a certain over-estimate of the importance, or indeed urgency, of this report, the error of judgment may well be pardoned, and we turn with no small interest to repeat with reference to Herbert Stanley Jevons's work the questions asked in the last number of the JOURNAL with reference to his father's posthumous volume. And the answer too will perhaps be the same, viz., that the interest centres on the observation of tendencies and directions of thought rather than of positive results; though with this happy distinction, that whereas in the former case we were reading a closed record with a deep note of pathos, in the latter we are reading a promise and a forecast that point to the hopes of future achievement.

In our notice of the posthumous *Principles of Economics* we have already laid stress on the two sides on which the work of the elder Jevons needed, and still needs, development; namely, the psychological basis of the theory and its application to the traditional categories of Economics. On both of these fields the younger author's mind is busy. Psychologically he cares about

the right things. He has encountered the problems of the treatment of recurrent wants, the relations of positive and negative economic quantities, the theory of dimensions, the relation of anticipations and estimates to the satisfactions actually incurred, the range of the power of the graphic method to express the complex variations of actual experiences, and the relation in which the satiating of specific desires in detail stands to the general level of happiness. These and kindred problems are indeed at the "growing point" of our science. A true instinct has led the author to their investigation, and with respect to all of them he has done honest if not yet conclusive thinking. Perhaps the most ambitious of his essays is the one on "Labour," and it is here (so far as the psychological portion of his work goes) that we most feel both his strength and his weakness. He starts a number of interesting inquiries, but (as it seems to us) fails to push his analysis far enough to gain a secure basis. For example, he distinguishes between (1) the curve of the production of commodity per unit of time, (2) the curve of production of utility to the worker, also per unit of time, and (3) the curve of "anticipal" or "laborial" pleasure to the worker per unit of time.

Now with reference to curves (2) and (3) he informs us that the latter is proportional to the former (p. 167), but that since the unit of one is a unit of utility, and that of the other a unit of feeling, no fixed relation can at present be established between them, and they may be (graphically) treated arbitrarily. But the objection at once arises that two curves, the heights of which are always in the same proportion, differ from each other only in their units; so that if those units are arbitrary, the curves are interchangeable at will and therefore indistinguishable. We are, in fact, taking the unit of "laborial" pleasure as that amount which corresponds to the unit of production of utility, and assuming that the correspondence is constant. But in what sense can this be true? Here we need closer definitions than are given us. Is the "pleasure of anticipation" the same thing as the "anticipation of pleasure"? And, whether it is or not, can we say that it is proportional to the "utility" of the concrete possession to which it attaches itself? To preserve this distinction between the two curves, we must suppose that the "utility" in question is something other than the estimate or anticipation of utility. What is it then? It cannot be the actual satisfaction which will, as a matter of fact, accrue from the consumption; for that will depend on circumstances that no man can predict, and may never be reaped at all. The anticipal pleasure, then, cannot be said to

be necessarily proportional to it. Is it, then, the "actuarial" value of the pleasure? That would be the value of the anticipated pleasure, with all its uncertainties, which a perfectly wise person would regard as correct. But is this the actual value that a given man, with his personal proneness to exaggerated apprehensions or careless indifference with respect to a remote or contingent future, will actually assign to his possessions? His "anticipal" pleasure will no doubt be a *function* of the actuarial hedonistic value of his possessions; but it will not be in direct proportion to it. In a word, a patient and repeated study of this essay has not enabled us to discover the sense in which Mr. Jevons distinguishes a curve of production of "utility" from one of "anticipated" or "estimated" utility. So far as we can see, if the two curves are not identical, the assumed relation between them cannot exist.

Such criticisms as this, which might easily be multiplied, may indeed very well be based on misunderstanding, and, if so, we can but hope that they will perform the service to Mr. Jevons of showing him the kind of difficulty which he will have to encounter in his work as a pioneer, and of enforcing the necessity not only of clear ideas, but of explicit exposition as to the exact nature of the quantities and units with which he is dealing.

At the other end of the scale, when Mr. Jevons deals with "rent" and "production" (both the essays being really studies in distribution), that is to say, when he is busied not with the psychological basis of Jevonian economics, but with their application to current theory, it is a pleasure to be able to express a far more unqualified satisfaction. It is true that to the reader of (for example) Mr. Carver's essay on "The Distribution of Wealth," recently reviewed in this JOURNAL, there will be nothing very new in Mr. Jevons's exposition; but he appears to have a thorough grasp of the principle that the laws of distribution are not many, but one; that rent, wages, interest, and the rest are merely varieties of market price, or hire, and that they all follow the law of supply and demand, regulated by marginal utilities or efficiencies. This conclusion, the direct and inevitable outcome of his principles, the elder Jevons appears to have felt as a kind of premonition, but never to have clearly grasped and formulated. The convinced and consistent Jevonian (a being who is still almost *in statu nascendi*) will raise his youthful voice in hearty acclaim at the advent of a hereditary champion of the cause. May he prove to be the true *goël*, and may no "city of refuge" avail to shelter his foes if they persist in their iniquity!

PHILIP H. WICKSTEED

NOTES AND MEMORANDA

"GAIN-SHARING" IN GERMANY.

IN describing the different ways, in which workmen are paid for their labour, attention was some years ago called by the present writer to certain novel plans, under which the remuneration of an employee is made to consist, in part of a stipulated rate of time-wages (wages, the amount of which depends upon the length of time during which the man is occupied in the performance of a given *quantum* of work, irrespective of the rate of speed exhibited in the completion of this job), in part of a bonus or premium, the amount of which depends upon the "gain" (i.e., the saving in labour-cost) directly due to the efficiency displayed by this operative (*Methods of Industrial Remuneration*, 3rd ed., pp. 99-113, 136-146). Within recent years schemes of the nature referred to, but in some instances embodying important modifications, have been introduced in numerous manufacturing establishments in this country, where they are generally known by the name of "premium bonus"; and now much attention is being given to this matter in Germany, where premium systems, both of the older and the newer types, have formed the subject of careful examination on the part of industrial and economic experts,¹ and

¹ Those, who wish to ascertain in detail the views of these German authorities, should consult the papers, which have, from time to time during the course of the last few years, been published in the *Zeitschrift des Vereins Deutscher Ingenieure* (by Preuss, Schiller, and Möller) and in the *Verhandlungen der schiffbautechnischen Gesellschaft* (by Wiesinger and Strache), the article on "Fallende und Steigende Stücklohnsätze," by Professor Hasbach of Kiel, in *Jahrbücher für Nationalökonomie und Statistik*, June, 1905 (Dritte Folge, Bd. xxix., [lxxxiv.], pp. 721-739), October 1, 1905, *Soziales Museum*, *Zweiter Jahresbericht* 1904 (Frankfort-on-Main, 1905), and *Die Lohnsysteme der Marineverwaltung und Versuche zu ihrer Fortentwicklung* (Berlin: Hartmann, 1905), the last being an official description of the system of gain-sharing introduced in the Imperial torpedo works at Wilhelmshafen.

have been adopted, with certain special features of no little interest, in German works, both private and Government. The nature of these German gain-sharing schemes will best be understood if the description of their leading features is preceded by a few observations in regard to the subject of "premium bonus" generally.

In order to understand the nature of the various systems of gain-sharing, it will be convenient to contrast these methods with those of time-wage and "straight" (simple) piece-wage. If a man, employed on time-wage at 1s. an hour, is given a job, which a workman of average ability, putting forth an average degree of energy, can do in 100 minutes, and if this man by "working with a will" should succeed in getting the work done in 75 minutes, there would be a saving on this job of 5d., i.e. 1s. 8d. less 1s. 3d. But since the whole of the saved 5d. accrues to the man's employer, it is most probable that, in practice, the number of instances, in which this "gain" is actually realised, will prove to be extremely small. For a workman employed on time-wage, since he has no pecuniary incentive to work specially hard, is fairly certain to take fully 100 minutes to complete this job. The next step is, that the employer, wishing to accelerate the pace of his operative, puts the man on piece-wage (giving him the job to do at a piece-price of 1s. 8d.), or, in other words, tells him that, whether in fact this job shall be completed in 100 minutes or in 75, the workman shall receive the full price of the labour of 100 minutes. If we take w to be the workman's rated time-wages (per hour), a to be the number of hours allowed (in fixing the piece-price) as the standard time for the performance of the work, b the number of hours actually occupied in its performance, and e the rate (per hour) of the man's actual earnings on the job, then, under the method of piece-work, $e = w \frac{a}{b}$, or (expressed in a different manner) $e = w (1 + \frac{a-b}{b})$. Thus every piece-price con-

tains in itself a premium on speed of output [$w(a-b)$] varying with the speed actually exhibited in the performance of the work to which the price relates, and of such amount as, when added to the amount of the time-wages earned on the job, will make the rate of the workman's earnings on the job exceed his time-wage rate by the same proportion as that by which such speed exceeds

in July, 1908, and of certain proposed modifications of this system, with an explanation of the reasons, which have led the German Admiralty to adopt these methods.

the standard speed. Induced by the hope of earning this premium, the workman will probably get the job done in 75 minutes (instead of 100); and since he thus receives for the labour performed in these 75 minutes the stipulated piece-price of 1s. 8d., his earnings are at the rate of 1s. 4d. (instead of 1s.) per hour, or 33·33 per cent. in excess of his rated time-wages. But, while the workman thus "makes time-and-one-third," the labour-cost of the work remains the same; and his employer finds his advantage only in securing a larger output per day, and so diminishing his "general charges" (for cost of superintendence, power and light, and interest on capital).

However, the matter does not end here. Finding that, the quicker he works, the higher is his rate of earnings per hour, the workman, no longer content with working fast enough to "make time-and-one-third," puts his whole energy into the job and finishes it in 60 minutes, thus earning at the rate of 1s. 8d. per hour, or 66·67 per cent. above his usual time-wage rate. At this point the employer, not unnaturally, begins to think that the standard time of 100 minutes allowed for the job (in the belief that 100 minutes and not less was the time required for a man of average efficiency to complete the work) was far too long; and accordingly he "cuts" the piece-price down from 1s. 8d. to 1s. 6d.; and very possibly on later jobs he "nibbles" the price down first to 1s. 3d. and then to 1s. The result is that the workman, finding that he made a great mistake in showing how fast he can work, if he chooses (because this disclosure has resulted in reducing his rate of earnings), makes up his mind to display greater wiliness and less zeal on future occasions. Henceforth, accordingly, he never "does his level best," but always "keeps something up his sleeve." Now, since the object of the employer all along has been to induce his workmen to work as fast as they reasonably can, his adoption of the piece-wage method of remuneration proves, in a case like this, a more or less unsuccessful expedient.

Under these circumstances the gain-sharing plan is recommended by its advocates as a substitute for either simple time-wage or simple piece-wage. Under a gain-sharing scheme the workman is told that, if he can get the work done in less than the standard time of 100 minutes, he shall receive, not indeed the full "gain" [$w(a - b)$] accruing from his getting the job done in less than 100 minutes, but an agreed fraction of this "gain," the remainder being retained by his employer. The consequence

is that the workman, even if he succeeds in getting the job done in a great deal less than the standard time, receives a premium, the amount of which is by no means of such exaggerated dimensions as would be the case, were the man working on simple piece-wage, while his employer at the same time not only saves an appreciable part of the standard labour-cost, but is now also much less exposed to the temptation to take the disastrous step of "cutting" the labour-price.

The next question is, if the "gain" due to the efficiency of the workman's labour is to be shared between him and his employer, what share in this amount shall be taken by each? Under the Halsey plan the "gain" is divided between employer and employee in specified proportions; usually each takes one-half; in some cases the agreement is, that the workman shall take one-third, while his employer gets two-thirds of the "gain," the formula of the system being therefore

$$e = w\left(1 + \frac{a-b}{2b}\right), \text{ or } e = w\left(1 + \frac{a-b}{3b}\right)$$

as the case may be.¹

The Halsey plan, however, is open to one serious objection, which is, that although, so long as the time occupied in the performance of the work is not very greatly inferior to the standard time, the premium received by the workman is not excessive, yet if it should occur that the rate of speed in working displayed by the man is very materially in excess of that which is presupposed as the standard speed, then the bonus which accrues to him under this system will rise to a height that is sure to be considered altogether unreasonable by his employer. For example, if we were to apply the Halsey plan, on the basis of equal division of the "gain" between employer and employee, to the case now under consideration, we should find that, if the job estimated to take 100 minutes turned out to take no more than 40 minutes, then the workman would receive a rate of pay exceeding his normal rate of time-wages by no less than 75 per cent. If this happened, the man's employer would be under a strong temptation to "nibble" at the price by lowering the standard time-limit on future jobs—a step which, for reasons already explained, is likely to have disastrous results.

It will be obvious that, in practice, the case just supposed could, as a rule, only occur if a very serious miscalculation had

¹ For detailed figures, illustrating the working of the Halsey system, see the table in the appendix at the end of this article.

taken place in estimating the standard time. Such miscalculations, however, do sometimes take place. Indeed, in relation to some kinds of work, especially repairs (in which it is impossible to know, when a job is put into the hands of a workman, exactly what work will be required in order to complete the job, and this can only be discovered when the job has already been commenced), mistakes of this nature are altogether unavoidable. In order to meet this difficulty, an ingenious variation of the Halsey plan has been introduced by Mr. Rowan, of Glasgow. Instead of making the fraction of the "gain" to be received by the workman, who gets a job done in less than the standard time, a definite and invariable fraction (one-half or one-third), Mr. Rowan makes the fraction of the "gain," which the workman is entitled to receive, a variable proportion, varying in such a manner as to make the rate of the man's earnings on the job (time-wages *plus* premium) exceed his time-wage rate by the same proportion as that which the saving in time effected bears to the standard time. That is to say, the man is paid, in respect of a job done under the Rowan system, a premium bearing the same proportion to the amount of his time-wages earned on the job as the time saved bears to the standard time. If, accordingly, as in the case just supposed, the workman were to complete a 100-minute job in 40 minutes, then (if his time-wage rate were 1s. per hour) he would receive for the job, not (as under the Halsey system) 1s. 2d. (so earning at the rate of 1s. 9d. per hour), but 1s. 0'8d., (so earning at the rate of 1s. 7'2d. per hour, i.e. at a rate exceeding his time-wage rate by 60, instead of 75, per cent.).

In short, the great merit claimed for the Rowan system of gain-sharing, of which the formula will be seen to be $e = w \left(1 + \frac{a-b}{a} \right)$, is, that the tendency to raise the amount of the premium above reasonable limits, present, under certain circumstances, under the Halsey plan, is under the Rowan system automatically corrected.¹

The gain-sharing system has been adopted in Germany both under the Halsey and under the Rowan plan, but in each case with certain variations not unworthy of attention. In the first place, while, when either the Halsey or the Rowan system is

¹ Under the Rowan plan, graphically expressed, the line of the labour-cost is represented by a curve, which rises, step by step, until the point is reached at which the work is done in the standard time (neither more nor less), and then falls away, at first slowly, but later on with ever-increasing rapidity, until it ends in 0. The curve is a parabola.

applied in this country, it is usual for the workman to be guaranteed his full rate of time-wages for the time actually taken in completing the job, even if this should exceed the standard time, in Germany no such specific guarantee appears to be given; in the second place, the basis of the German gain-sharing systems, as to which information is available, is fictitious, or conventional. In the works of "an electricity company" in Central Germany, the Halsey system was introduced under an agreement between the operatives (who at first resisted its adoption) and their employers, arrived at "with the co-operation of the Metal-workers' Trade Union" (an organisation with over 220,000 members), under which it was stipulated, in the first place, that, where the standard time allowed on a job proves to be so short that the men are unable to earn at least their full time-wages, the standard time shall in future be increased to such an extent as shall be necessary in order to enable them to earn their full time-wages; and in the next place, that for the purposes of the premium scheme these time-wages are to be taken to be 38·33 per cent. higher than the men's usual rates (as fixed in this agreement). In the special forms of the Rowan system in force, or proposed to be put into force, in the Imperial Dockyards no provision is made, which secures, either directly or indirectly, that a workman who exceeds the standard time-limit shall nevertheless receive his full time-wages for the number of hours actually worked by him on the job. As to the second point, the conventional inflation of the basis is carried out either by over-estimating the time-limit or by increasing the amount of the premium.

The reasons for the modifications thus made in the Rowan plan, which are given in the official account of this German Admiralty scheme, and which are, no doubt, to a certain extent akin to those which induced the electricity company to grant the concession (as to the method of calculating the time-wages under their Halsey premium scheme) above referred to, are as follows. The men employed in the Imperial Dockyards have been accustomed to work on piece-wages and to earn, on the average, 40 per cent. above their time-wage rates. Now it is quite true that there is nothing to prevent these men from continuing to earn 40 per cent. above their time-wage rates under the Rowan system in its original form. Only, in order to do this, they would have to work with so much speed as to get the job done in 40 per cent. less than the standard time; but under the ordinary "straight" piece-work method a man, who makes up his mind that he will

earn wages exceeding his rated time-wages by 40 per cent., can achieve this result if he work fast enough to save 28·57 per cent. of the time allowed for the work (in fixing the piece-price). It goes without saying that any gain-sharing system, which requires a workman to work much harder than he has been accustomed to work in order to make his accustomed rate of earnings, is unlikely to be popular. Accordingly it was thought better so to adjust the Rowan system as to enable the men to earn their accustomed 40 per cent. over time-wage rates by working with a speed as great as, but no greater than, that which under their former piece-work system had sufficed to secure those earnings.¹

In the plan first adopted this adjustment was effected by increasing the time-limit by 20 per cent.; in the new plan the same object is achieved by increasing the premium by 40 per cent. Thus the formulæ of these two premium plans are respectively $e = w \left(1 + \frac{1 \cdot 2a - b}{1 \cdot 2a} \right)$ and $e = w \left(1 + 1 \cdot 4 \frac{a - b}{a} \right)$. However, the relation, which exists between the original Halsey system, the original Rowan system (both systems being assumed to be applied without any guarantee of full time-wages rates), and the two distinct modifications of the Rowan system adopted by the German Admiralty, will best be explained by reference to the figures given in the table set forth in the appendix printed below, in which $a = 25$ hours and $w = 40$ pfennigs per hour. The labour-cost in each case is, of course, $e \times b$.

DAVID F. SCHLOSS

¹ It may be observed that the statement made in the booklet of the German Admiralty, that "in England the adoption of the Rowan system has taken place exclusively in cases in which the method previously in force was that of time-wages," is not correct. It is also of interest to note that in two cases known to the writer, in which, in this country, the transition has been made from piece-wage to the Rowan system, it has been found necessary (as in Germany) to adopt as the basis of the system a conventional rate of time-wages (higher than that previously in force) or intentionally to over-estimate the standard time (allowed for the performance of the job).

APPENDIX.

Time actually taken.	1. Simple piece-wage.		2. Halsey system. (4 and 4).		3. Rowan system.		4. German Admiralty system. No. 1.		5. German Admiralty system. No. 2.	
	Earnings per hour.	Labour—cost.	Earnings per hour.	Labour—cost.	Earnings per hour.	Labour—cost.	Earnings per hour.	Labour—cost.	Earnings per hour.	Labour—cost.
Hours.	Pfennigs.	Marks.	Pfennigs.	Marks.	Pfennigs.	Marks.	Pfennigs.	Marks.	Pfennigs.	Marks.
30'00	33'8	"	36'7	11'00	32'0	9'60	40'0	12'00	28'8	8'64
29'00	34'5	"	37'2	10'80	33'6	9'74	41'8	11'99	31'0	9'00
28'00	35'7	"	37'8	10'60	35'2	9'86	42'7	11'95	33'3	9'32
27'00	37'0	"	38'5	10'40	36'8	9'94	44'0	11'88	35'5	9'59
26'00	38'4	"	39'2	10'20	38'4	9'98	45'3	11'79	37'8	9'82
25'00	40'0	"	40'0	10'00	40'0	10'00	46'7	11'67	40'0	10'00
24'00	41'7	"	40'8	9'80	41'6	9'98	48'0	11'52	42'2	10'14
23'00	43'5	"	41'7	9'60	43'2	9'94	49'3	11'35	44'5	10'23
22'73	44'0	"	42'0	9'55	43'6	9'91	49'7	11'30	45'1	10'25
22'00	45'4	"	42'7	9'40	44'8	9'86	50'6	11'15	46'7	10'28
21'00	47'6	"	43'8	9'20	46'4	9'74	52'0	10'92	49'0	10'28
20'38	48'0	"	44'0	9'17	46'7	9'73	52'2	10'87	49'3	10'28
20'00	50'0	"	45'0	9'00	48'0	9'60	53'3	10'67	51'2	10'24
19'23	52'0	"	46'0	8'85	49'2	9'46	54'4	10'46	52'9	10'18
19'00	52'6	"	46'3	8'80	49'6	9'42	54'8	10'39	53'4	10'15
18'00	55'6	"	47'8	8'60	51'2	9'22	56'0	10'08	55'7	10'02
17'36	56'0	"	48'0	8'57	51'4	9'18	56'1	10'02	56'0	10'00
17'00	58'8	"	49'4	8'40	52'8	8'98	57'3	9'75	57'9	9'85
16'67	60'0	"	50'0	8'33	53'3	8'85	57'8	9'63	58'7	9'78
16'00	62'5	"	51'25	8'20	54'4	8'70	58'7	9'39	60'2	9'3
15'635	64'0	"	52'0	8'125	55'0	8'59	59'2	9'26	61'0	9'53
15'00	66'7	"	53'3	8'00	56'0	8'40	60'0	9'00	62'4	9'36
14'766	68'0	"	54'0	7'94	56'5	8'30	60'4	8'88	63'1	9'27
14'00	71'4	"	55'7	7'80	57'6	8'06	61'3	8'59	64'6	9'05
13'00	76'8	"	58'5	7'60	59'2	7'70	62'7	8'15	66'9	8'69
12'00	88'3	"	61'7	7'40	60'8	7'30	64'0	7'68	69'1	8'29
11'00	90'9	"	65'5	7'20	62'4	6'86	65'3	7'19	71'4	7'85
10'00	100'0	"	70'0	7'00	64'0	6'40	66'7	6'67	73'6	7'36
9'00	110'0	"	75'6	6'80	65'6	5'90	68'0	6'12	75'8	6'83
8'00	125'0	"	82'5	6'60	67'2	5'38	69'3	5'56	78'1	6'25
7'00	142'8	"	91'4	6'40	68'5	4'82	70'7	4'95	80'3	5'62
6'00	166'7	"	103'8	6'20	70'4	4'22	72'0	4'32	82'6	4'95
5'00	200'0	"	120'0	6'00	72'0	3'60	73'3	3'67	84'8	4'24
4'00	250'0	"	145'0	5'80	73'6	2'94	74'6	2'99	87'0	3'48
3'00	333'3	"	186'7	5'60	75'2	2'26	76'0	2'28	89'3	2'68
2'00	500'0	"	270'0	5'40	76'8	1'54	77'3	1'55	91'5	1'83
1'00	1000'0	"	520'0	5'20	78'4	0'78	78'7	0'79	93'8	0'94
0'00	—	"	—	5'00	80'0	0'00	80'0	0'00	96'0	0'00

JEWISH INDUSTRIAL LIFE IN RUSSIA.

THE present article, based on indisputable facts collected by a Russian of great authority, aims at dispelling some of the ignorance prevailing in English minds on the industrial life of the Jews in the Russian Empire.

The Pale. Since the days of Catherine II. the Jews have been huddled together in the "Pale of Settlement," defined by

the "Laws Concerning the Jewish Population" of 1804 to consist of White Russia, Lithuania, Novarossia, Courland, Caucasia, and the Astrakhan province. Even this limited territory has been gradually narrowed and reduced, and the cordon drawn tighter round the hapless Children of Israel, so that the Pale now comprises only the towns and *myestechkos* (the unit of urban administration) of the fifteen Western and the ten Polish provinces. An exception is made in the case of graduates of Universities and of merchants of the First Guild, 'whose right of domicile and movement throughout the Empire is unrestricted. The privilege can only be accorded, even to those otherwise entitled to it, on payment of a special tax of 1,000 roubles (£100) per annum. It will cause no surprise, therefore, that of the 5,200,000 Jews enumerated at the last census (1897) only 4.1 per cent. lived outside the Pale. By driving the Jews out of the village and rural districts a narrower ghetto—a sort of *imperium in imperio*—has been created. In many of the larger towns the Jews form over 60 per cent. of the population.

Agriculture. On one or two occasions the Russian Government has attempted to deal with the monster it has itself called into being. In the beginning of the last century it endeavoured to induce Jews to become agriculturists. Israelites desirous of returning to the calling of their fathers were permitted to buy and lease land and settle upon it. As usual the zealous officials exceeded the intentions of the Government, and went to the length of expelling Jews from the towns and forcing them to become agriculturists. This benevolent attitude of the autocracy did not, however, endure for more than half a century, and an era of restriction set in. In 1864 Jews resident in the provinces under the jurisdiction of the Governor-Generals of Wilna and Kieff were prohibited from buying or leasing land, while in the following year Jewish agriculturists were permitted to abandon their occupations and migrate into other trades. The crowning achievement of the series of the restrictive ordinances were the "Laws of May, 1882," which drove the Jews out of the villages of the Pale itself. But even this sudden change of policy did not succeed in driving all the Jewish agriculturists from the land. About 76,000 of them, divided into 296 colonies, are still scattered over 23 of the 25 provinces of the Pale, cultivating an area of 113,030 "desayatins" (about 323,000 acres), or an average of 4.3 acres (nearly) per head, a quantity obviously ludicrously inadequate to the successful pursuit of agriculture. Moreover, as the law prohibits the acquisition of land, the competition for

leaseholds raises rents to an unprofitable level. Hence the colonists are extremely poor and ill-provided with stock or implements.

Trades and Crafts. Debarred from agriculture, excluded from the professions and the Military and the Civil Services, driven from the industrial areas, the Jews have had perforce to turn to trade and commerce. According to the census already quoted, over 13·6 per cent. of the whole Jewish population within the Pale were described as artisans, a proportion which is more than double that prevailing in the whole population of the provinces of Germany adjacent to the Pale, where the conditions of life are otherwise similar. Even this number is on the increase. Thus between 1887 and 1897 the percentage of artisans in the province of Kowno rose from 8·4 per cent. to 12·4 per cent., in Mohilev 9·6 per cent. to 15 per cent., and Volhynia 9·7 per cent. to 15 per cent. In some towns these abnormal rates are vastly exceeded, *e.g.*, in Radom 33 per cent., in Slonim 35 per cent., and in Vinnitsa 42 per cent. of the Jewish population are artisans. Yet these three towns are but typical of a large number of others within the Pale. The trades into which Jews flock in the largest numbers are tailoring, shoe-making, joinery, baking, meat-purveying and slaughtering, turning, smith's and general mechanic's work, all of which require considerable physical strength and little capital; they account for more than 60 per cent. of the total Jewish artisans. This dangerous concentration within such a narrow industrial compass leads to merciless competition; wages are forced down to the lowest margin of subsistence, the conditions of life being thus rendered intolerably hard and precarious. Even in Poland, where the Jewish artisans are better off than elsewhere, tailors in 33 per cent. of the towns earn less than 250 roubles (£25) per annum, in 47 per cent. from 250 to 300 roubles (£25 to £30), and in 20 per cent. above 300 roubles (£30) per annum. The average wages of shoe-makers do not exceed 150 roubles (£15), of laundry women 100 roubles (£10), and of female lace-makers 45 roubles (£4 10s.) per annum. Although the purchasing power of the rouble is sometimes as much as 50 per cent. above its nominal value in English currency, it is still clear that with the earnings just mentioned starvation must be the constant companion of the bulk of the Jewish workers. The foregoing figures are corroborated by the statistics of the Jewish Charity Organizations dispensing relief at Passover. Nearly 19 per cent. of the whole Jewish population have to be assisted to celebrate the

"Festival of Freedom," the anniversary of the Exodus from Egypt.

Schools and Universities. In 1887 the Government promulgated a law limiting the number of Jews in the Secondary Schools ("Gymnasien und Realschulen") and Universities. Within the Pale they were not to exceed 10 per cent. of the total number of students in the provinces of Moscow and St. Petersburg, 3 per cent. of the Christian students, and in all other provinces 5 per cent. of the total. An immediate decrease in the number of Jewish students followed this Governmental measure, more especially in the educational districts of Wilna and Kieff. In the years 1899 and 1900, 383 candidates sought admission to the four Universities of Kieff, Kharkoff, Odessa, and Dorpat, but only 110 were successful in obtaining a place. In some of the Universities Jews are only admitted when an insufficient number of Christian students seek to enter these higher educational institutions. These restrictions form an effectual barrier against any Jews who aim at earning a livelihood by the practice of an honourable profession. It is not to be wondered at that the various branches of trade and commerce are so overcrowded. Nor is there any hope of mitigation while the present bureaucratic policy holds its own, and while the more enlightened views of the thinking public are disregarded. The resolutions of the Congress of Professors and Tutors of High Schools in April last, and of similar assemblies of Journalists, of Shop Assistants, Town Councils, notably the Town Council of Wilna, the centre of Lithuanian Jewry, recommending that the Jews be placed upon a footing of equality with other nationalities of the Empire, form the best reply to the plea of the Government that public opinion would not tolerate the removal of Jewish disabilities. Such a policy seems certainly justified by the experience of Western nations, and is the only one that the Russian Government has not yet applied to remedy the unhappy lot of the Jew, for which its own legislation and administration in the past have been so largely responsible.

A. WEINER

NOTE ON THE STATISTICS OF THE WOOLLEN INDUSTRIES. . .

It is true for all industries, but especially true for those carried on in the West Riding of Yorkshire, that recent developments can only be understood when placed in relation with history stretching back for ten, twenty, or thirty years. The woollen

and worsted manufactures have been subject to many changes of fortune, since, to take a definite epoch, the general adoption of power-looms.

Taking for a first general view the Board of Trade returns of the total value of exports of these manufactures from all parts of the United Kingdom, we have :—

	1866-0.	1870-4.	1875-9.	1880-4	1885-9.	1890-4.	1895-9.	1900-4.
	00,000's.							
Value.....	£209	259	180	185	201	174	165	158
Yards of } cloths and } stuffs. ... }	2,550	3,240	2,530	2,440	2,460	1,900	1,790	1,540

The period 1870-4 is on a pinnacle by itself, and is a time when wages,¹ as well as value of output, reached a maximum. A series of lean years followed, and a promising increase, which became evident in the 'eighties, did not survive the McKinley tariff of 1890. A brief period of exporting energy was evident after the Wilson tariff (1894), 1895 was a boom year, but a great fall ensued with the Dingley tariff (1897).

Meanwhile the quantity of wool, mohair, shoddy, &c., retained for use in the United Kingdom is estimated by the secretary of the Bradford Chamber of Commerce² as :—

1865-9.	1870-4.	1875-9.	1880-4.	1885-9.	1890-4.	1895-9.	1900-4.
000,000 lbs.							
373	454	477	497	539	623	685	659

This increase, in face of a decreasing export, is perhaps to be explained in part by a growing intrinsic value of a yard of cloth, as measured by the Customs' standard, but mainly, it would seem, by a continually increasing production for the home market. The general wage level changed but little from 1883 to 1902.³ The number of adults employed increased between 1881 and 1891, and was then stationary, 1891-1901.⁴

It is obvious, from this rapid view, that it is extremely difficult to estimate the importance of the very recent increase in the value of exports. It is clear that we must leave quinquennial averages and deal with separate years. The following table shows the summary statistics from 1890 to 1904. It is necessary to begin as late as 1890, for in that year a completely new classification of exports was introduced :—

¹ "Wages in the Worsted and Woollen Manufactures," *Stat. Journ.*, March, 1902.

² *Statistics Relating to Woollen and Worsted Trades of the United Kingdom*. F. Hooper. Bradford, 1905.

³ "Wages in the Worsted and Woollen Manufactures," *Stat. Journ.* March 1902.

⁴ Cd. 1761, p. 364.

000,000's omitted.

	Wool, mohair, shoddy, &c., retained.*	Average price and lambs' wool imported.*		Weight of waste, rolls and tops exported.		Weight of yarns exported.		Woolen tissues.		Worsted tissues.		Other manu- factures.		Total manu- factures.	
		Pence per lb.		Lbs.	Value.	Lbs.	Value.	Yards.	Value.	Yards.	Value.	Value.††	Value.	Value.	
1890	577	10·3		22	£14·4†	54	£5·3‡	57	£6·0‡	172	£10·3‡	£4·1†		£20·4†	
1891	652	9·3		20	1·3	55	5·1	56	6·0	145	8·7	3·7		18·4	
1892	594	8·7		24	1·4	60	5·3	51	5·7	143	9·0	3·2		17·9	
1893	636	8·7		25	1·5	66	6·0	47	5·2	130	8·1	3·1		16·4	
1894	656	8·5		23	1·3	67	6·0	41	4·6	111	6·7	2·8		14·0	
1895	680	8·1		32	1·7	79	7·3	58	6·2	164	10·2	3·3		19·7	
1896	690	8·4		32	1·8	77	7·2	61	6·3	137	8·4	3·6		18·3	
1897	654	8·0		40	2·2	74	6·6	52	5·4	130	7·5	3·1		16·0	
1898	725	8·2		39	2·0	74	6·4	46	4·9	95	5·7	3·1		13·7	
1899	677	8·6		45	2·5	84	6·7	49	5·3	103	6·2	3·3		14·8	
1900	655	9·5		38	2·1	73	6·1	51	5·9	102	6·5	3·3		15·7	
1901	704	7·5		39	2·0	66	5·2	45	5·2	94	5·8	3·2		14·2	
1902	667	7·5		55	2·6	71	5·2	47	5·5	103	6·4	3·4		15·3	
1903	626	8·3		62	3·3	79	5·9	51	5·9	106	6·4	3·6		15·9	
1904	645	8·7		64	3·6	74	5·9	67	7·5	104	6·5	4·0		18·0	

* Statistics Relating to Woolen and Worsted Trades of the United Kingdom. F. Hooper. Bradford, 1905.

†† Flannels, blankets, carpets, druggets, rugs, &c., small wares, &c., hosiery.

‡ I.e., £1,400,000, £5,300,000, £6,000,000, £10,300,000, £4,100,000, £20,400,000.

It is, unfortunately, not possible to use any of these figures for measurement of the progress of the industry without very serious qualifications.

I. Clearly, the value of the exported manufactures contains as a most important constituent the value of the wool contained in them, and this is by no means a constant factor, as the second column shows. There seems to be no estimate of what proportion of the wool, that is retained for use, is to be credited to the manufactures for export, and any rough and ready method is open to the criticism that the export trade does not bear a constant ratio to the home trade; in the fifteen years dealt with the American tariffs and the Japanese War have been disturbing factors. To indicate the direction of the necessary correction, the writer has assumed that after subtracting five-fourths of the weight of tops, &c., and yarn from the whole raw material available, half the residue is used for exported manufactures. This half-residue is valued at the current price, and the result subtracted from the value of the exported manufactures.

ROUGH MEASUREMENT OF VALUE OF MANUFACTURES, APART FROM THE RAW MATERIAL CONTAINED IN THEM. In million £'s.

	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.
Declared value of manufactures	20.4	18.4	17.9	16.4	14.0	19.7	18.3	16.0	13.7	14.8	15.7	14.2	15.3	15.9	18.0
Estimated value of raw material.....	9	10	7	8.5	8.5	9	9	8	9	9	9	7.5	7	7	7.7
Remainder ...	11	8	11	8	5.5	11	9.5	8	5	6	7	7	8	9.0	10.3

These figures must not be used as more than suggestive; their effect is to raise the more recent years relatively to the earlier one. Till some such correction is made, the figures of values of manufactures should not be used.

II. We cannot ignore the values and turn safely to the quantities. The Board of Trade publications divide tissues and cloths into fourteen categories:—WOOLLEN TISSUES: Heavy, *Broad* or *Narrow*; Light, *Broad* or *Narrow*. WORSTED TISSUES: Coatings and Trouserings, *Broad* or *Narrow*; Stuffs. Each of these seven is subdivided into *All Wool* or *Mixed*.

The divisions between Broad and Narrow and between Light and Heavy is arbitrary, depending on a fixed measure of breadth and of weight. The narrow cloths may become broader, and the lighter heavier, but still, till they pass the limits assigned they remain in the same category. Again, the heavy or broad cloths already above the limit may become heavier or broader, and still be reckoned as of the same quality. Lastly, the cloths, un-

changed in weight or width may, by use of better wools, better dyes, more skilful design or weaving; and by better attention to the finishing, become throughout of a finer quality. A study of the statistics of prices of the finished article and of raw wool suggests that some such process has taken place, and this hypothesis is confirmed by the opinions of some manufacturers.¹ Be this as it may, whether the change has been towards greater or less intrinsic value, we are not dealing year by year with unchanged units or homogeneous totals, and by the most elementary principles of statistics we cannot use the results for fine measurements till we have further information.

Of the categories under which the manufactures are tabulated, the most important are Broad Heavy Woollen Tissues, *All Wool* and *Mixed*, Broad Worsted Coatings (all wool), and Stuffs (mixed); together these account for about two-thirds of the value of exports. The following table gives an indication of the course of trade in these:—

	Quantities. Million yards.			
	1890-3.	1894-6.	1897-1900.	1901-04
Broad heavy woollen tissues: all wool ...	9.0	9.1	9.3	10.6
" " " mixed	14.5	16.4	14.3	14.5
Broad worsted coatings: all wool	15.4	18.0	11.8	9.4
Worsted stuffs: mixed	105.2	93.5	76.4	72.4

The period 1894-6 is isolated to show the period of less restricted exportation to the U.S.A. The falling-off in this cross-Atlantic trade is the dominant fact in the history of the worsted trade in 1895-1900; in the last five years there has been a considerable increase.

It is very noticeable that the woollen tissues suffered less. The heavy, broad, all-wool tissues passed previous records (since 1890) both in 1903 and 1904.

It is clearly erroneous to add together all the worsted and woollen fabrics as if a yard were an equal common measure of them all, while the prices vary from 9*d.* for mixed stuffs to 4*s.* 6*d.* for broad, heavy, pure woollen cloth. A great increase in the aggregate yardage would be obtained if 6,000 yards of the former took the place of 1,000 yards of the latter, though there would be no change of value. We cannot escape this by using the aggregate values for reasons given under I. above; but, if we suppose the difficulties under II. non-existent for the purposes of this calculation, we can form an index-number of quantity as follows:—Take a yard of mixed stuffs as unit, and express all the other cloths and tissues in terms of this, taking the prices of any period

¹ *Gain or Loss?* pp. 6, 57, 58. By C. Ogden and P. T. Macaulay. Bradford, 1903.

(say 1896-99) as basis; then one yard of woollen stuffs is to be reckoned as two yards of mixed stuffs, and so on. Even blankets, carpets, and druggets can be included in this estimate. The following table shows the numbers thus obtained, expressed as percentages of their height in 1900:—

A. Woollen and worsted cloths and stuffs, simply added, as if all yards were of equal importance.

B. Woollen and worsted cloths and stuffs, weighted by their prices and added.

C. B when blankets, carpets, &c., are included.

Year	1890.	1891.	1892.	1893.	1894.	1895.	1896.	1897.	1898.	1899.	1900.	1901.	1902.	1903.	1904.
A.	150	131	126	115	99	144	129	119	93	90	100	91	98	102	112
B.	134	124	127	114	95	148	127	115	90	98	100	91	97	99	118
C.	134	124	124	112	94	144	126	112	91	98	100	92	96	98	112

* Line C. may be regarded as the index of quantity of manufactures (excluding yarn) exported, assuming that no change has taken place, owing to shifting, within the Board of Trade classification (heading II. above).—

Comparison of A. and B. shows that the years 1890, 1891, and 1894-'95 must not be taken for comparison with later years. The general conclusion suggested by the table is that during the last four years the ground lost since 1893 has been recovered—a performance highly creditable to the manufacturers of the West Riding, who, finding one door shut to them, have succeeded in developing other markets. It remains to be seen whether this recovery is permanent or will cease with the termination of the special demand from Japan, which accounts for about half the excess of 1904 over 1903.

The smaller manufactures—blankets, flannels, carpets, rugs, hosiery, &c.—have in the aggregate borne nearly the same relation to the total value of manufactures throughout the period (see table, p. 586). There was an increased export of blankets in 1904 to the extent of £540,000—presumably to Japan.

It has recently been alleged¹ that the progressive increase from 1901 till the present date is attributable in large measure to the increased exportation of wool in its lower stages of manufacture, as tops or noils prepared for spinning. The above table shows the numerical importance of these exports. During the twenty years 1875 to 1895, increasing quantities of yarn were exported, while the quantity of cloths and stuffs was first stationary and then decreasing. A somewhat similar sequence is noticeable in the ten years 1895 to 1904, when the quantity of yarns exported has been nearly stationary, with a downward tendency, while the exportation of tops and noils has rapidly increased.

The statistics certainly bear out the contention that foreign nations are becoming more and more independent of our finished manufactures. But this increased trade in tops and noils cannot justly be said to have any relation to the recent recovery in finished manufactures, and it is in the main additional to the trade in yarn. Mr. Acworth gives an estimate of the wages to be credited to different parts of the industry, viz., $1\frac{1}{2}d.$ in each £ of raw wool exported, $1s. 1\frac{1}{2}d.$ in each £ of tops or noils, $2s. 9d.$ in each £ of yarn, and $6s.$ in each £ of cloth. Applying this estimate to the figures given in the above table (p. 586),

ESTIMATE OF VALUE OF WAGES IN THE EXPORTS OF WOOL PRODUCTS.
£0,000's.

	1890-4. Average.	1895-9. Average.	1900.	1901.	1902.	1903.	1904.
Tops and noils	8	12	12	11	15	12	20
Yarn	76	94	84	71	71	81	81
Cloths and stuffs.....	4,22	3,97	3,72	3,80	3,57	3,69	4,20
	5,06	5,03	4,68	4,12	4,43	4,69	5,21

Whether the tendency observed is good or bad, it has not as yet had much effect on the total wage-bill, if the "above basis is adopted. As a counterpoise to this estimated increase of labour at the bottom of the scale, we may fairly mention the rapid increase in exported "Apparel and Slops," where the wool has arrived at its final form. The quinquennial averages for the last fifteen years are estimated at £1,600,000, £1,600,000, and £2,000,000 respectively.

The foregoing analysis is not intended to be controversial, unless in the last paragraph, but rather to bring out the very remarkable history of the woollen industries on the export side. There are many and great difficulties in their interpretation; and, till we have statistics of production for the home market, which is of much greater relative importance than with the cotton industry, we can go but a very little way in the statistical history of the West Riding. We can suggest riddles in plenty, but not their solutions.

A. L. BOWLEY

ECONOMICS IN SOUTH AFRICA.

THE meetings of Section F. of the British Association, both in Cape Town and Johannesburg, were marked by a standard of excellence in the papers read and by a sustained interest in discussion, which have seldom been reached in the gatherings at

home. In spite of the facts that six mornings were allotted for sectional work, instead of the usual five, and that the home party was generally represented only by the president, recorder, and secretary, many discussions had to be closed and several papers to be abbreviated. In Cape Town, it is true, the audience was small, never exceeding twenty-five persons; but in Johannesburg, especially during Mr. Aiken's paper on "The Cost of Living on the Rand," the room was full. In view of the almost complete dearth of opportunities for economic study in South Africa, as shown in detail in Professor Stanley Kidd's communication, the interest taken in the proceedings and the ability shown in the handling of economic problems was very remarkable. The explanation no doubt is to be found in the consideration that questions which are only of academic interest at home are matters of commercial life or death out there; that problems that have long been settled in England are matters of acute controversy in the Transvaal; and that the colonies are continually agitated by the necessity for adjustment of the divergent interests of the various races and classes living in but loose economic connection with each other, and of the equally divergent interests of the five colonies contained in the Customs Union themselves.

It would not be advantageous to offer summaries of the various communications seriatim, especially as it is hoped that the majority will be published in book form at Cape Town or Johannesburg; but it may be of interest to offer some impressions, gathered at the meetings or in conversations with colonists in various occupations or in other ways during an extended journey. For though it would be the height of absurdity to attempt any reasoned solution of any of the economic problems which harass South Africa, without a prolonged visit and specialised study, it will yet be of interest to students to learn what an opportunity is afforded for research, how rapidly theory may pass into practice, how anxious the colonists are for expert guidance. This last point was illustrated by the keen interest shown in Dr. Cannan's communicated paper on "The Relations between Local and Central Finance," which a local newspaper published verbatim.

The most obvious economic fact throughout the inland colonies is the extremely high cost of living. Mr. Aiken's estimate that an artisan, with a wife and small family, could barely make an income of £300 meet his necessary expenses in Johannesburg was generally accepted. It is true that on paper the standard appeared rather higher than that of a man in similar employment, say, in Birmingham; but the small additional amount spent on luxuries

may be regarded as compensation for the lack of comfort ; and in any case, not more than a few pounds could be taken off the estimate. So far as could be gathered the actual distance from the coast is not a very important factor, for prices seemed at nearly the same level in Fretoria, Bulawayo, and Salisbury, though the last-named is but 374 miles from Beira. The explanations suggested were (i) the very high cost of transport by railway, (ii) the high price of land, (iii) the high cost of labour, both effect and cause of high prices, (iv) faulty and excessive taxation, (v) importation of food and other necessities, which might be produced cheaply in the colony. As regards the first, the opinion in Johannesburg appears to be that all the railways in South Africa try to pay their way and extend their lines in unprofitable directions at the cost of the mining population ; and this was confirmed to some extent by the anxiety, obvious at Cape Town and elsewhere, to secure the Johannesburg traffic. It was also alleged that the various Governments made profits on their railways out of all proportion to the capital sunk or working expenses, and that this taxing of the means of transport was in the highest degree injurious and unsound. The high price of land is no doubt due to the neighbourhood of the mines, to speculative buying and holding, and to the possibility of finding a gold or diamond mine in one's back garden ; and is enhanced by the absence of tramways and railway facilities. Where white labour is at £1 a day, coloured labour scarce and inefficient, interest high, and middleman's " living " profit enormous, the cost of handling and delivering goods is necessarily considerable. The general system of indirect taxation, combined with the high rate of interest on outstanding expenses, was held to have a perceptible effect in holding up prices. At present the surrounding country seems quite unable to supply anything but vegetables, some fruit, poultry and eggs ; whether this will be changed in the near future is uncertain, for it is said that the market is easily glutted in the season and growing is therefore unprofitable, while the cost of carriage over more than a very few miles is prohibitive. As it is, the towns of South Africa are provisioned much as an ocean-going steamer is ; meat in cold storage, and milk, fruit, groceries, &c., in tins, and all things which cannot be preserved in a long journey conspicuous by their absence. It seems incredible that bread cannot be sold in Johannesburg, only 380 miles by rail from the sea, at less than 6d. the two-pound loaf ; and it appears certain that there must be some method of reducing the cost of living ; once started, it will very rapidly be cumulative in its results..

Closely related to the cost of living is the cost of transport, and two papers on the railway systems were communicated. Colonists appear to a visitor to exaggerate their distances; after all they are not so great as those of the U.S.A.; the distance from London to Edinburgh, a journey constantly made for petty economies, would make a very visible mark in any of the five colonies; but a little experience shows that they are at present correct. Distance is currently measured by time, and if an isochronous map were constructed of the sub-continent, it would be seen that the districts within a day's journey of the coast or railway were hardly visible on a small scale map. It proved hardly possible to conduct a party of thirty from Pretoria to Mafeking (190 miles) by road in five days. One might be within 100 miles of an acquaintance and yet need nine days to call on him. In the wet season these times may be increased indefinitely. Even on the railways 300 miles is a good day's journey. Perhaps the most difficult of the administrative problems is to determine which district shall be opened up first by rail; at present only a very small proportion, even of the fertile country, is within a day's journey of a station, and rapidly though railways have been built, development appears slow. The vast majority are single-tracks, and one passenger train each way per diem (sometimes only three a week) is the rule. At the same time progress is being made with the roads. Even the large towns are for the most part unpaved, and in the country the roads are simply the *weldt* worn bare, with a little cutting at the drifts; but the work is in hand, and as bridges are built and obstacles removed, the day's journey of a team will lengthen. At present the only fast means of progress is by motor-cycle, if the machine is strong enough and the rider an expert mechanic; for a fairly firm narrow track can generally be found even on a sandy road. Motor-cars will have to wait some time yet.

Very varying opinions were expressed as to the possible agricultural and pastoral productivity of the colonies. One body of opinion was voiced by an Englishman, who had settled near Ladysmith fifty years ago, and according to his neighbours was a very successful fruit-farmer. Taking the writer to a Pisgah point from which a vast extent of kopjes and bare ranges was visible, he said, "That is what they call the garden colony, only fit for kaffirs and baboons." "God Almighty put nothing into the land, and nothing can be got out of it." To him no country was so beautiful or fertile as that between Great Yarmouth and Norwich. Other settlers were full of irrigation schemes (the neighbourhood of natural water supplies being already occupied

by Boer farmers), and held that with capital so expended and transport organised, there was nothing that could not be profitably grown. There seemed to be a hopeful feeling that rinderpest and other cattle diseases would be stamped out, and a system of isolation of infected districts is in process of organisation. Mr. Moore, of Huddersfield, who read a very useful paper on "The Wool Industry" at Cape Town, looked for a great future for the production of wool, if the growth and marketing were improved. Sugar near Durban, wine near Cape Town, and tobacco in the Transvaal are, as a matter of fact, now produced on a large scale; but it was pointed out that little white labour can be so employed. These industries are all protected. The general opinion seemed to be that a farm of some 2,000 acres was the minimum for each white family, and that a capital of £800 was necessary for the purchase of and stocking the land. Even then there might be a dearth of native labour, and a complete failure from the prevalence of any one of the many plagues of South Africa. No one we met, in fact, held out any prospect of much employment of English artisans or labourers except in the towns, mines, railways, and engineering works. There seems no prospect of any but a very scattered country population. The question of the supply of coloured labour dominates the whole situation, but owing to the strong feelings prevalent this was not discussed in the sectional meetings.

The only paper on finance was a historical *résumé* by Professor Fremantle at Cape Town, but the subject cropped up in discussion elsewhere. The present systems of taxation seem to be accidental and inchoate, based on no reasoned principles; thus imported products, in general, that is to say, nearly everything in use in the towns, are taxed on entry, and again are indirectly taxed in transport; this system seems to be adopted only as a convenient means of raising revenue, and much criticism was audible as to its soundness or expediency. Protection seems to be taken for granted, as an obvious system under which the colonists have grown up; and, since the natural products are so few and compete so little with imported commodities, free-trade does not seem to have been an important question; but questions of protection and taxation of food may at any time come into prominence. What protection exists is, as it were, accidental, arising from the necessity of taxing imports for revenue. The audience at Johannesburg were markedly of free-trade tendencies. The subject of Imperial preference was not discussed, and, in fact, did not appear to interest those we met.

The second report of the Committee on the Accuracy of International Trade Statistics attracted considerable interest, coinciding as it did with the establishment of a central statistical customs bureau for the five colonies. In statistical, as in other matters, a desire was apparent for development on sound lines:

To the settler the main economic problem is undoubtedly the supply of native labour; to a casual traveller the main problem, crying out for solution, is the reduction of the cost of living, with cumulative results in the fall of the price of labour. The general position is that South Africa exports diamonds and gold in return for food, but it is not at all obvious why the food should cost so much. Salisbury, a town of unmade streets, barren surroundings, and life devoid of comforts, with its hospitable and optimistic population, looking faithfully to the time when "the depression" will be over, the mines at work, and the towns full, was at once the last and most typical vision of British South Africa.

A. L. B.

THE ECONOMIC LEGISLATION OF 1905.

OF the legislation of an Imperial character, that calling for attention first is that which deals with Finance. A surplus revenue for the financial year 1905-1906 of £3,000,000, approximately estimated upon a basis of taxation as it existed last year, made some remission of taxation possible. Accordingly, the Finance Act, 1905 (5 Edw. 7, c. 4), removed the preceding year's additional duty on tea, of 2d. in the pound, which involved a remission of £1,500,000. The change effected by the abolition of the warehouse delivery charges, imposed in 1869, and of the stamp duties on export bonds and delivery orders, was only nominal, the revenue from these sources having become insignificant. Provision was made for paying off Exchequer Bonds issued under the Supplemental War Loan Acts of 1900, and falling due in December, 1905, to an amount of £10,000,000: for this purpose new bonds of an equivalent amount were to be issued, which should be paid off in ten years, at the rate of one-tenth of the issue in each year. To avoid trenching for this purpose on the Sinking Fund, the permanent annual charge for the National Debt was raised from £27,000,000 to £28,000,000, and this increased charge accounted for a further £1,000,000 of the estimated surplus revenue of the financial year. The Chancellor of the Exchequer did not find that any reduction of the Income Tax was feasible. Upon the basis of taxation so calculated for the year 1905-1906 the revenue is esti-

estimated at £141,500,000, as against £143,500,000 actually received in the preceding year.

The estimated expenditure out of revenue is £141,000,000, as against an actual expenditure in 1904-1905 of £142,000,000. Of this expenditure, £112,000,000 was granted by the Appropriation Act, 1905 (5 Edw. 7, c. 17), as Supply grants, with Appropriations in Aid amounting to £11,500,000 in addition. The Navy Vote was £35,000,000, a decrease of £3,000,000 on the previous year: the Army Vote remained the same, viz., £36,000,000; and the Education Vote was £16,000,000. The Army authorised under the Army (annual) Act, 1905 (5 Edw. 7, c. 2), numbers 221,000 men, excluding those serving in India, a slight reduction on the previous year.

Among other measures of a financial character the Naval Works Act, 1905 (5 Edw. 7, c. 20), makes further provision, amounting approximately to £6,000,000, for various works already in hand, which are principally the enclosure and defence of harbours in the United Kingdom and elsewhere; this sum covers the estimates for the purpose to the close of the financial year 1906-1907. The East India Loans (Railways) Act, 1905 (5 Edw. 7, c. 19), empowers the Secretary of State for India to raise £20,000,000 for constructing, extending, and equipping railways in India. The Public Works Loans Act, 1905 (5 Edw. 7, c. 22), reappoints Commissioners for a further period of five years, and authorises, by way of grant for public works, £4,500,000 for loans by the Commissioners in England, and £900,000 for loans by the Commissioners in Ireland. Mr. Speaker's Retirement Act, 1905 (5 Edw. 7, c. 5), grants to the late Speaker of the House of Commons, upon his retirement, the customary annuity of £4,000 for life.

The War Stores (Commission) Act, 1905 (5 Edw. 7, c. 7), although applying only to sittings of the Commissioners in the United Kingdom, may be mentioned now. The Act confers certain judicial powers upon the Royal Commission appointed to investigate and report upon the allegations made in the Report of the Butler Committee respecting the War Stores in South Africa.

As to legislation affecting the United Kingdom, the Aliens Act, 1905 (5 Edw. 7, c. 13), confers powers to regulate alien immigration into, and to expel undesirable aliens from, the United Kingdom. An undesirable immigrant may not land except at a port where there is an immigration officer, and with the leave of that officer given after inspection made by the officer and a medical inspector. An "immigrant" under the Act is an alien steerage passenger who intends to land and not to proceed, within a reason-

able time, to some other destination; and he is "undesirable" when, among other things, he either is without means of decent support for himself and his dependants; is a lunatic, idiot, diseased, or infirm; or has been sentenced in a foreign country for an extraditable crime. An immigrant shall not be refused admission on the ground merely of want of means, if he is avoiding prosecution, punishment, or persecution on political or religious grounds. In certain cases the Home Secretary may make an expulsion order requiring any alien to leave the United Kingdom within a fixed time; and he may pay the expenses of return and maintenance until departure of the alien and his dependants.

The Trade Marks Act, 1905 (5 Edw. 7, c. 15), practically repeals and re-enacts the whole of the Patent Designs and Trade Marks Acts, 1883-1888, so far as they relate to trade marks, and consolidates the law relating to the latter, in one statute. A few provisions, however, of the Act of 1883 are not to be repealed, but are expressly retained and applied to trade marks registered under the new Act. These include the provisions relating to the registration of trade marks under (a) an Order in Council made under any arrangement between the Crown and a foreign State for the mutual protection of trade marks; (b) an Order in Council applying to any British Possession, for the same purpose. The Act contains, among other new provisions, a definition of the word "distinctive" as applied to marks, identical in terms with the definition which was originally made in the case of *Re Wood's Trade Mark* (32 Ch. D. 247). The previous prohibition of the unauthorised use of the Royal Arms in connection with trade is modified by permitting the proprietor of a trade mark containing such arms to continue to use such trade mark.

As a result of the growing distress of recent years among the working classes, the Unemployed Workmen Act, 1905 (5 Edw. 7, c. 18), establishes machinery intended to promote the employment or assistance of workmen out of employment, in proper cases. The organisation for London consists of a distress committee created by Order of the Local Government Board in each metropolitan borough, with a central body for the whole administrative county of London. A distress committee is to make itself acquainted with the conditions of labour in its area, and to entertain applications for work, but it has no power to supply work. The central body superintends the action of the distress committees, and has power, in any case of an unemployed person referred to it by a distress committee, to assist such person by aiding the emigration or removal to another area of himself and any of those

dependent on him, or by providing temporary work with a view to putting him in the way of obtaining regular employment and means of support. Expenses occasioned under the Act are defrayed out of a fund which is under the management of the central body, and supplied by voluntary contribution and by assistance from each metropolitan borough to an amount not exceeding the proceeds of a halfpenny rate; or, with the consent of the Local Government Board, a penny rate. The receipt of assistance under the Act does not disqualify the recipient for any franchise. The organisation outside London is a distress committee of the council of each municipal borough and urban district with a population, at the last census for the time being, of not less than 50,000, with power for any municipal borough or urban district with a population of not less than 10,000 to apply for the provisions of the Act to be extended to it. These distress committees have duties and powers similar to the duties and powers of the distress committees and central body in London. The Act is a tentative measure not at present meant to be permanent, and the duration of the Act extends only to August 11th, 1908. Under the Railway Fires Act, 1905 (5 Edw. 7, c. 11), which also extends to all three kingdoms, railway companies are liable to make good damage to agricultural land and crops by fire from sparks or cinders emitted from locomotive engines, notwithstanding the fact that the engine is used under statutory powers. A railway company may enter on land to extinguish or arrest the spread of any such fire, and shall pay compensation for any injury caused by the exercise of these powers.

Another important measure affecting the whole of the United Kingdom is the Shipowners' Negligence (Remedies) Act, 1905 (5 Edw. 7, c. 10), which enlarges the remedy by action for damages in respect of personal injuries caused by a shipowner's negligence and sustained on, in, or about a ship in any harbour in the United Kingdom. Any such ship being found in any port or river in England or Ireland or within three miles of the coast may, upon its being shown that the owners are probably liable to pay damages in respect of such injuries, and that none of the owners reside in the United Kingdom, be detained by order of a judge of any court of record until satisfaction in respect of the injuries, or security to abide the event of any action instituted in respect of such injuries, has been given.

As to Acts applicable to the separate kingdoms, one Act applying to Ireland alone should be noticed, viz., the Licensing (Ireland) Act, 1905 (5 Edw. 7, c. 3). All provisions and penal-

ties of existing Acts which prohibit the sale of intoxicating liquors during any hours on Christmas Day are extended to the whole of Christmas Day. The Act does not apply to sales to lodgers, or in packet boats, canteens, registered clubs, or railway stations, or to *bona fide* travellers.

An Act of considerable interest, which applies only to Scotland, was the Churches (Scotland) Act, 1905 (5 Edw. 7, c. 12); this Act was the outcome of the decision of the House of Lords in the "Free Church" case. The point in dispute was whether the decision come to by a large majority of the General Assembly of the Free Church, that that Church should unite with the United Presbyterian Church and form in union the United Free Church, was not a violation of the fundamental constitution of the Free Church. A small minority of the Free Church, who had opposed the union, and thereafter maintained a separate existence, claimed to be the sole legal successors to the Free Church and its property, as at the date of the union. The appeal of the minority from the decisions of the Scotch Courts against them was upheld by the House of Lords on the ground that the proposed union in effect constituted a breach of trust, and involved acquiescence in doctrines repugnant to the principles of the Free Church and on which its property had been given and was held. The practical result was that several hundred churches were deprived of maintenance, and property estimated at a value between five and nine millions was handed over to some thirty congregations. A Royal Commission, appointed to inquire into the matter, found that the Free Church was unable adequately to carry out the trusts of this property. The Churches (Scotland) Act establishes a Commission to allocate the property between the two Churches; congregational property being allocated to the Free Church in cases where one-third at least of the congregation are adherents of the Free Church, and adequate provision being made for the general purposes of administration and management and for certain special purposes of that Church. Power was also given in the same Act to the Established Church, which was in no way concerned in the original dispute, to modify its own fundamental principles to the extent of the formula of subscription to the Confession of Faith.

The Isle of Man (Customs) Act, 1905 (5 Edw. 7, c. 16), enacts that the additional customs duties on tobacco, tea, and spirits removed or imported into the Isle of Man, imposed in 1900, and the additional duty on ale and beer removed or imported into the Isle, imposed in the same year, shall continue.

With regard to England special legislation is very meagre ; but by 5 Edw. 7, c. 8; the operation of the Agricultural Rate Act, 1896, which was continued in 1901 to 1906, is now continued to 1910 ; the effect of that Act being to relieve agricultural land of half the rates otherwise chargeable upon it.

MONTAGUE BARLOW

POLITICAL ECONOMY IN GERMANY.

THE first time that I came to study in England I wrote, at the request of Mr. T. E. Cliffe Leslie, an article under the same title as the above for the *Fortnightly Review*. In those days the differences between the "Academic Socialists" and the Manchester School had just been brought before the notice of the German public, and had begun to attract attention in other countries, and even in England. On the 6th and 7th of October, 1872, a Conference for the "Discussion of Social Questions" (at which the writer of this article was present) was held at Eisenach. This epoch-making event may be considered responsible for the interest henceforward taken by the public in the dispute between the two schools.

What was the origin of the dispute? Thirty or forty years ago there were two distinct kinds of Political Economy in Germany. One was the science taught in the numerous Universities, the other was the Free-Trade doctrine which had for some years been propagated in the interests of the immediate practical needs of the new-born German State. The Political Economy of the Universities has a long history ; we see its dawn in the early cameralistic science, its development in response to the demands of the current Moral Philosophy, its further development under the strong influence of the French and British Schools of the eighteenth century, the later influences of the German Historical School, the Hegelian Philosophy, and lastly, the stimulus of modern statistical research. As the main object of this teaching—in obedience to ancient German tradition—was to produce Civil servants, its attitude towards the State was consistently sympathetic. It was not, however, likely to be very successful in popularising the paternal conception of the State,—witness the name which Lassalle gave to the Laissez Faire Theory. The academic character of the exponents of this Political Economy produced the further result that the individual members of the school were not pledged to the adoption of any

uniform doctrine: they were, on the contrary, noted for the breadth and variety of their scientific convictions.

A very different type was the Free-Trade School which sprang up towards the middle of the nineteenth century. The Manchester School, to give them their popular name, were not men of science, although the word science was constantly on their lips when they proclaimed their doctrines. The world was at that time ringing with the triumphs of the Anti-Corn-Law Leaguers, and the leading spirits of the new German movement were entirely in sympathy with them. As for their science, it consisted of a few simple principles which were easily intelligible, and therefore soon became popular in Germany as they had done in England. This does not detract from the usefulness of the function which these men performed in both countries. In England their activity was restricted to the fiscal question, in Germany it extended over the whole field of internal politics. For the time had come when German home policy must be supplied with a fair field of action, free from the old bonds and shackles which other great States had long since shaken off. In some respects indeed Germany was centuries behind France and England. The services rendered by this school of agitators are recorded in the Charters of the North German Bond and the German Empire, 1867-1871.

There is yet another fact intimately bound up with the different character of the two schools which we have described. The Free-Traders addressed their appeal to the public; their business was with public opinion and their instruments were those of the modern propagandist. They made their influence felt in the Press, in meetings, congresses, and parliaments. The Economic Science of the Universities, on the other hand, had hitherto kept its exponents confined within their study walls—they had never emerged into the glare and publicity of the market-place. The stirring years of 1848-1849, in which the University Professors showed themselves a real power, were responsible for a change of custom which gradually, but only very gradually, took place. The new tendencies revealed themselves more plainly in several of the younger Professors of Political Economy shortly after the formation of the German Empire. And immediately there ensued a conflict between these and the Free-Traders who until then had had a monopoly of the public attention.

The bone of contention was the condition of the working classes and the means to be adopted for their improvement. The need for improvement was equally recognised by both schools,

but the Free-Traders pinned their faith to a single remedy. They admitted no principle but self-help, no panacea except co-operation. The professors declared with Lassalle that co-operation alone was not adequate to cope with the situation, though they did not follow him in his advocacy of an absolutely radical policy. They laid stress on the reforming duties of the Legislature and Executive, above all on the need for an extension of the Factory Legislation which existed in England and to a certain extent in Germany. They pointed with enthusiasm to such agencies as Trades Unions, and Friendly Societies for Working Men's Insurance. Their standpoint of positive Social Reform as distinct from the somewhat negative aspirations of Free Trade opened up an ever-widening outlook on to new public duties. It was in this spirit that the "Verein für Social Politik" ¹ was founded in 1872.

II.

It would be a mistake to suppose that this Association was composed exclusively of professors. Quite the contrary. In a country like Germany, with its vast and important official class—imperial, state, and municipal—with its increasing number of statesmen and professional politicians, it was only natural that the "Verein für Social Politik" should from the very outset recruit numerous and important members from these ranks. Moreover, the practical tasks of social and economic reform by their very nature dictated an alliance with the men who could bridge the gulf between the decisions of the Association and the arena of practical politics. It eventually happened that the old battles between the Academic Socialists and the Manchester School ceased to rage, as the ground of dispute disappeared, for the views of the social reformers regarding the duties of the State towards the working classes came to be more and more adopted by the men who had hitherto rejected them. A similar change in public opinion has taken place in England during the last twenty or thirty years.

Another cause contributed to the establishment of a more comprehensive unity within the Association. This was the practice adopted from the outset of supplementing the discussions at the periodical meetings by more extensive literary work, in which men drawn from every possible rank and section of society co-operated. Up to the present 114 volumes have been pub-

¹ "Union for a Policy of Social Reform."

lished, among which are long series devoted to special subjects, such, for instance, as the competition between small handicraftsmen and producers on a large scale, the politics of commerce, commercial treaties, and so forth.

The last Congress, held at Mannheim-on-the-Rhine, from September 23-27, 1905, was distinguished both by the large number of its participators and by the liveliness of the interest taken in the subjects under discussion. So great was the number of speakers that an extra day, beyond the number fixed by the programme, was requisitioned—surely an uncommon occurrence. The subjects discussed were :—

(1) The competition of inland navigation and railways in its financial bearings.

(2) The position of working men under the influence of industrial undertakings of overwhelming size.

(3) Industrial monopolies (syndicates, &c.) in their relation to the State.

These different topics showed very clearly how great was the diversity that existed among the members of this Congress as of its predecessors. There were Trades Union secretaries, leading officials of the Rhine and Westphalian Coal Syndicate, Civil servants and statesmen, business men from the various branches of industry and commerce, practical men of every kind, and scientists of all ages. Every kind of interest was represented, the most diverse sections of the economic and political world, every shade of opinion existing among the representatives of the schools of Political Economy, not to mention the authorities on the bordering sciences.

The question naturally arises : What has been the attitude of these different economic schools towards the "Verein für Social Politik" during the past thirty years? What relation have they borne towards each other in the past, and how do they stand at present? Let us review the situation.

III.

In the conflict which gave birth to the "Verein für Social Politik" the name Academic Socialism was first applied to those particular views which were held by the founders of the Association. The name was invented by the opponents of this school of thought, and was by no means friendly in intention. It signified that the dangerous revolutionary doctrines of Socialism, i.e. of the Social Democrats, with only trifling modifications, were in-

culcated in the lecture-rooms of the German Universities, and these University lecturers were therefore called "Academic Socialists." But it is a matter of common experience that a rose by any other name will smell as sweet, and the term first applied in a disparaging sense soon became an honourable title. It became the collective name not only for the great majority of professors of Political Economy in the German Universities, but for a large number of Civil servants and politicians who were of the same way of thinking.

It was, however, just this application of the name to a wide and varied class which made its meaning uncertain. It called up a conception sufficiently clear no doubt for practical purposes, but as the designation of a scientific school it lacked precision. Its very origin was too ambiguous and superficial to cover the diversity of aims and individualities which, especially of late years, had created very wide divergencies within the school. Even in its early days the Association comprised Conservative, Moderate, Progressive, and Radical elements—a distinct Right, and Left, in fact—and time has accentuated this diversity. The name, therefore, represents little more than the loose classification of ordinary speech, and is quite worthless for scientific purposes. There is, moreover, another class to be reckoned with, viz., the large number of very distinguished theorists who stand in very slight or no relation at all to the Association. In spite of the fact that they hold, on the whole, very similar views, these men have no leaning at all towards the practical aims of public life—the study walls are the boundaries of their world.

The customary division of scientific schools into the Historical and the Dogmatic (abstract, logical, deductive, and so forth) is not very illuminating, least of all as regards the German Political Economy of to-day. There are very few purely historical economists, and those who are *par excellence* chosen to bear the name are really a special and quite peculiar complex of a number of influences, which are partly, but by no means entirely, historical. On the whole, we may say that the historical *standpoint* is adopted by the majority, and it is from this starting point that they attack the burning questions of practical life. This has been most conspicuously the attitude of the youngest and most gifted members of our faculty. As for the historical researchers pure and simple, they never learnt to think in terms of Political Economy at all, and were soon diverted into other paths, or to humbler tasks of subsidiary researches.

Searching logical methods, again, naturally appeal in very

different degrees to different thinkers, and their work bears the impress of their capacity and inclination in this direction. To me it seems that the cultivation of the historical tendency in Political Economy only serves to bring the importance of logical method into stronger relief. In contradiction to the oft-quoted sophism of Lassalle, we can dispense indeed with more or less unreliable accumulations of facts—never with thought or clearness of thinking.

And, after all, such crude division into schools affords a very inadequate description of the scientific life and work of the great modern army of German economists. In the last resort each goes his own way, and no one with any self-respect would give up the privilege of following his own convictions.

The division we have spoken of above is crossed by yet another division, according to the different attitudes taken up towards the great practical questions of internal politics. So that the very men who are theoretically most closely related differ most markedly when theory gives way to practice. As to the old scholastic division regarding methods, we may say that the hatchet is buried, and it is not considered good taste to refer to it.

IV.

Mr. Balfour's Presidential Address to the Royal Economic Association, delivered on July 15th, 1904, contained much the value of which it would be difficult to overrate, and we can only wish that many leading statesmen might adopt a similar attitude and speak in a similar spirit of science in general, and economic science in particular. There is one point, I admit, on which I differ from him, and that is where he deplores that "people talk of an English, a German, a French, or an American School of Political Economy; for a science ought to be absolutely international in character. There is no such thing as English Physics as distinguished from German Physics, or German Mathematics as distinguished from French Mathematics." Here I do not agree with Mr. Balfour. I do not approve of the application of this common standard of science to Mathematics, Physics, and Political Economy. No science can accomplish more than the nature of its subject-matter will allow. If Mathematics and Physics admit of the attainment of so many universal truths, this is a consequence of the material with which they deal, and not the special merit of the researchers. Further, this difference between the schools of Political Economy of various countries does not

argue any corresponding difference between the truths at which they arrive. There are different groups of scholars concerned with the discovery of truths common to all nations, and if they pursue each their own method—which, by the way, is by no means necessary, and is not even actually the case—this does not detract in any way from the international character of their common aim.

This single point of difference only emphasises my sympathy with Mr. Balfour in the main. The scientific man cannot but be favourably impressed by the statesman who thus divides his life into the "years of negotium and the years of otium"; who returns to his scientific labours whenever he can lay aside the cares of State for awhile. He finds in his study a worthy resource for the days which his country does not claim, and returns, braced and stimulated, to a high degree of efficiency in his public life.

Mr. Balfour has some trenchant criticisms to make on the cleavage between party and scientific opinions, and though there is a spice of irony in his remarks, they are unfortunately only too well founded. But if we admit this, does it necessarily mean that we can never hope to see real scientific principles gain the day over party ones? Must we suppose that all efforts in this direction are doomed to remain unsuccessful? I should not like to think so. It would be contrary to all the endeavours which for thirty-three years have been the mainspring of our Association. For its ultimate object is to place the results of an impartial scientific research at the disposal of political life, and we may perhaps without arrogance hold ourselves entitled to the credit for several useful public measures.

Practical interests, then, form the subject-matter of our economic science. amid the conflict of economic interests she seeks to discover the essential principles which hold good for the whole community. She is therefore an impartial judge at whose tribunal peace will be established between the warring elements. If she might have effected more than she has hitherto actually accomplished, this is no valid argument against what she is inherently capable of achieving. In the present age especially, when the clashing of economic interests is greater than it has ever been, Economic Science has a great part to fulfil.

The attitude taken up by the German Universities towards this task in particular and towards public life in general is a peculiarly interesting one. We have in the German Empire twenty-two universities in the full-sense of the term, besides an imposing list of polytechnics, schools of agriculture and forestry, commercial and technical academies, and the like. To these must be added the German Universities of Austria and Switzerland, so

that we may well count upon a hundred professors of Political Economy, or even more. This means a very respectable-sized body to carry on the work we have described, and there is a further considerable number of scientific men who belong by right to our faculty, though they may not occupy a chair within it.

Whoever knows anything of the special character of German intellectual life also knows the special character of her Universities, and cannot fail to know the important part which they play in the national life. The special regard shown throughout the country to everything that bears the stamp of the Universities clearly points to the policy of securing the services of this power for the fulfilment of the duties which Political Economy owes to political life. An important fact, and one which alone makes the esteem in which the Universities are held intelligible, is the high degree of independence which the University professors of Germany enjoy. It happened at the last Congress of the "Verein für Social Politik," and had repeatedly happened before, that a member of the Social Democratic party was invited by the acting committee to deliver a speech on some question of the Order of the Day—that he accepted, and at the last moment, and without any excuse, absented himself. The explanation is not far to seek—the sense of his party was opposed to his promise, and required this defection. We can easily understand that high officials of the ministry have occasionally (by no means always) found themselves in the same predicament, but they have had the courtesy to give sufficient notice of their change of intention. There is no one, so a member of our Association recently said to a high official, except the University professor, from whom we can expect a fearless statement of his convictions.

Indeed, every statesman and office-holder in Germany appreciates this and envies us our independence. Many a ministry rises and falls, but the professors remain at their posts for life, secure from all attack. The only limit to their freedom is the discretion demanded by good breeding. It is true that some doubts have been expressed on this subject, but they were devoid of foundation, and a few extreme cases that may be cited prove nothing to the contrary. There is a whole world of difference between the independence of a German professor and the Dean of the Faculty of Law at Bordeaux, for instance, who was deposed by a stroke of the pen because he had spoken in favour of Dreyfus—deposed, we must remember, by the Executive of a Democratic Republic. It is, in any case, an error to suppose that a popular government is a power on the side of scientific freedom. On the contrary, the stronger the popular element in a govern-

ment, the more powerful the influence of parties in Parliament, the greater will be the dangers to which that freedom is exposed. The actual dangers that have threatened us during the past ten or twenty years have sprung from this source,—from party leaders, who, for party purposes, have brought pressure to bear on the Ministry, who knew nothing of our science as a science, and regarded it merely in the light of a possible instrument for the furtherance of their pecuniary interest.

As in all public life the real safeguard of a people's freedom and of its constitution does not consist of written statements or definite oaths, but of ancient habit bred in the flesh and blood, so, too, with our intellectual independence. The prevailing opinion in the leading sections of the German nation has long since decreed that the freedom of the Universities is an inviolable treasure, and has constituted itself the guardian of that treasure against all possible dangers. The authorities are particularly careful not to expose themselves to the unpopularity which would follow any such attack, and show as much regard to this revered institution as the best of the nation.

It is only by means of such reciprocal action that the German Universities are enabled to play the important part which they do play, and play more than ever in the present day. Indeed this same democratic tendency of the age, which in some respects might be dangerous to the freedom of the Universities, after all only serves to increase the consideration in which they are held. If the Democratic party is ever to be more than a mere mob, its crude forces must be moulded by men of intellect to higher ends. And where are these to be found? Not among the forces which the machinery of State and Society provide, but only among the intellectual powers of the country. It is not a mere accident that in these modern times the very title of professor is held in increasing regard, and is more and more eagerly coveted, not in Germany alone, but throughout the civilised world. Behind all the varieties of governments and constitutions found among civilised nations, it is the intellectual forces that ultimately rule the world. It is clearly our duty therefore to make our science subserve the needs of our national life to the fullest possible extent. We do not claim too much for our German Political Economy and our German Universities when we say that the spirit which rules them is as wide and many-sided as it is active and far-seeing.

G. COHN

(Correspondent to the Royal Economic Society)

University of Göttingen

THE REPORT OF THE ROYAL COMMISSION ON SUPPLY OF FOOD AND
RAW MATERIAL IN TIME OF WAR.¹

THOSE who took an interest in the agitation which culminated in the appointment of the Royal Commission on Supply of Food and Raw Material in Time of War will remember that that body was composed of men representing every political party and every interest concerned. The Report, published last August, is typical of the Commission by whom it is presented, for though all the members signed it, all but three out of the seventeen did so subject to certain qualifications, and thirty-five blue-book pages are taken up with expressions of dissent and reservations.

But some of these memoranda deal with particular points such as shipping, international law, military stores, &c.; and the general conclusions and recommendations of the main Report have the approval of all but five or six of the Commissioners, and, for the rest, it largely deals with questions of fact, which are not controverted.

The inquiry falls under three heads:—(1) The importation of food and raw material under normal conditions and the stocks held in this country. (2) The probable effect of a naval war on these supplies. (3) The possibility of remedying any of the evils that war would involve by means of any of the numerous schemes proposed.

With regard to the first of these divisions the Report may be considered complementary to the Report of the Coal Commission, dealing as it does with the importation of raw products from foreign countries, while the latter is concerned with the export of our own chief natural resource. Many raw materials, for physical reasons, are not produced in this country at all, *e.g.* cotton, silk, jute, petroleum, indiarubber, and tobacco. In other cases, where we have been accustomed to supply some of our own wants, the consumption has far outrun home production, and increasing quantities come from abroad. For example, Great Britain imported 75 per cent. of her total consumption of raw wool in 1900; and a similar tendency is shown in the case of timber, hides, and leather. But an even more important case is that of iron ore. Thirty-five years ago less than 2 per cent. of ore consumed came from abroad, whereas in 1900 25 per cent. was imported, and being of superior quality this 25 per cent. accounted for 41 per cent. of the pig-iron produced. Taking the steel industry into account the result is still more striking, for foreign ores are mostly non-phosphoric, while all but a few

¹ Referred to, *ECONOMIC JOURNAL*, xv., p. 454.

varieties of the British ore contain phosphorus, and are, therefore, not suited to the prevalent "acid" process of making steel.

The alternative "basic" process offers a means of getting rid of the phosphorus, but engineers prefer steel made by the former method, though there is some reason for thinking that this preference may diminish. At present, at any rate, 70 per cent. is made by the acid process.

In addition to non-phosphoric ore, steel-making requires the use of metallic manganese, and this has all to be imported. The dependence of the iron and steel industry would become a serious matter if we found ourselves unable to get sufficient for our arsenals and dockyards in time of war.

A feature of the supply of raw material is that in hardly any instance is it distributed over many sources, rather some country has a virtual monopoly. Most raw cotton comes from the U.S.A.; for flax we are dependent on Russia; while in the case of jute, India; of silk, China; of petroleum, Russia and the U.S.A.; and of indiarubber Brazil exercise a predominant influence in their respective markets.

From the point of view of supply in time of war, these semi-monopolies are a source of weakness, for trade with a single country can more easily be interfered with than trade carried on with a number of countries. The danger is illustrated by the effect on Lancashire of the American War of 1862-6, when cotton imports fell from 1,257 million pounds in 1861 to 524 million pounds in 1862. There is, however, some compensation in the fact that stocks of raw material are comparatively large, varying in most cases from six to twelve months' supply. They are, in fact, sufficient to carry the country over any temporary difficulty, but in the long run our industries must have foreign supplies to keep them going, and as exports of manufactures must also cross the ocean, it is essential to keep afloat the mercantile marine. Should this ever become an impossibility, our industrial life would be paralysed, and though the exceptional demands of the Government for warlike purposes would give work to numbers of working-men, many would be left without employment, and if at the same time food could only be obtained at famine prices their condition would be, to express it mildly, a difficult one.

In the matter of food our foreign dependence is as great as in that of raw material, for of all the articles enumerated in the Report only fresh fish, fresh milk and fresh vegetables are free from foreign competition. Roughly speaking, about half our

meat, cheese, butter, and eggs is home-produced, while other articles are entirely foreign products. This condition, which is of quite recent growth, is due to modern methods in transporting, treating, and handling perishable commodities, but many articles cannot be kept much longer than their journey requires, and it is, therefore, only what one would expect to find that stocks are practically *nil*, except in such cases as tea, coffee, sugar, &c.

But all these articles are unimportant compared with wheat and flour. In 1898-1903 the average consumption in the United Kingdom was 342lbs. per head, and in 1904 364lbs., as against 120lbs. of meat—the article next on the list. Among the poor the predominance is even greater; bread is so cheap that as one gets lower in the scale of poverty the more one finds it substituted for the more expensive foods.

Anyone who knows the "Monthly Statements of Trade of the United Kingdom and the Annual Returns of the Board of Agriculture," will not need to be told that imported wheat and flour is rapidly increasing in volume, partly to supply increasing needs, but partly at the expense of the native article. The proportion of imports was 50 per cent. in 1875; in 1898-1902 it averaged 80 per cent., while in 1904 it had risen to 85 per cent. In the latter year the United Kingdom consumed 32 million quarters, of which less than 5 million was grown within the limits of the British Isles.

A few years ago the greater part of this vast amount came from one source—for the U.S.A. supplied over 60 per cent. of our imports; the Leiter corner (1898) proved the danger of having all one's eggs in one basket in this way, for that manipulation of the Chicago Pit drove the price of wheat in Liverpool up to 60s. and more per quarter. The dissenting Commissioners in the Supplementary Report express the fear that a hostile nation might emulate Mr. Leiter, and by cornering our supplies bring us to starvation without striking a blow; the main Report, however, in dealing with the question points out that a corner which is not based on an actual shortage of the world's crop is impossible, and even then could only be carried out in a great organised market like New York or Chicago. The great safeguard against the recurrence of such an event lies in the fact that at the present day neither the U.S.A. nor any other country has the lion's share in the wheat supply of Great Britain. Imports from the States have fallen so rapidly during the last three years that in 1904 they were exceeded by imports from India, Argentina, and Russia, as well as by our own home crop.

The Commissioners refrain from speculation as to the future of our wheat supplies, but tacitly assume that the change is a permanent one, and base a good deal on their wide geographical distribution. Under any circumstances the quantity of wheat from any one source is bound to vary from year to year according to harvest conditions, but the size and organisation of the United Kingdom market is such that the various countries can easily supplement the deficiencies in each other's crops.

It is impossible to state accurately the stocks of wheat and flour in the United Kingdom, for in addition to those held by merchants at seaports, weekly returns of which are obtainable, there are stocks held by millers and bakers, as well as wheat kept in stacks by British farmers. The latter can be calculated from the returns of sales which are made to the Board of Agriculture, but millers' and bakers' stocks can only be estimated. From such evidence as they have been able to collect the Commissioners think that stocks vary from $17\frac{1}{2}$ weeks' supply at the beginning of the cereal year (September) to $6\frac{1}{2}$ or 7 weeks' supply at its close (August). Allowing four weeks' supply as the minimum for bakers and millers, they have calculated the stocks for every week in the ten years 1893-1903. Only in seven weeks during that period has there been less than seven weeks' supply, and in each case it has been under exceptional circumstances (e.g. Leiter Corner).

In general the period of low stocks immediately precedes harvest time—a fact which reduces the danger to a minimum. Some of the Commissioners prefer to consider $5\frac{1}{2}$ or 6 a safer minimum, but whichever figure one cares to accept, the general effect of the investigation is to show that for any period longer than a month or so we must rely on foreign supplies.

This great development of oversea supplies has necessarily been accompanied by a growth of the merchant service. The number of British steamships engaged in foreign trade, it is true, has remained practically stationary during the past ten years, but not so their effectiveness. The total tonnage has increased 50 per cent.; the carrying capacity to an even greater extent, and increased speed enables more journeys to be made per annum.

With regard to wheat, the sources of supply are so scattered that it comes to Great Britain on all the great trade routes. It comes at all seasons of the year; for, on the one hand, differences of climate and geographical position cause the season of harvest to vary from February in Argentina to May in India and October in central Russia, and on the other hand the storage of wheat in

the various countries of production spreads the sale of their surpluses over some months, so that whatever be the time of year, there is always wheat to be purchased somewhere. Although the amount Great Britain imports is colossal—nearly 120,000,000cwt. in 1904—our shipping industry is so extensive that the transport of this amount requires but a small percentage of it.

With this brief description of conditions in time of peace we turn to the second heading—The effect of war on these supplies. If one could rely on International Law being observed, the regulation that the neutral flag covers enemy's goods, and that neutral goods are inviolable wherever found, might make our supplies safe, for goods could always be shipped as the property of the seller, or, if need be, might be carried in neutral ships. In this respect it is to our advantage to get supplies from foreign countries rather than from colonies, though on the other hand there is always the possibility of finding a foreign country among our enemies. The Commissioners have doubts as to whether International Law can be relied upon as an effective barrier where a belligerent sees a chance of doing harm by illicit means, but they think that the influence of neutrals will be exerted strongly where their trade interests are concerned. This matter, however, very much depends on who are the neutrals and belligerents respectively.

Putting aside the protection afforded by International Law, it remains to consider what possibility there is of interference with our supplies, coming as they do from all quarters and at all seasons.

The Terms of Reference to the Commission premise the existence of a "strong fleet." Now so far as one can extract any definite meaning from the vagueness of this phrase, it signifies a fleet which, if not in complete command of the sea, at least is strong enough to engage the whole attention of the hostile fleets. Were all our battleships at the bottom of the sea it would tax the powers of any two European fleets to maintain an effective blockade of the coast of the British Isles, a fact which will be readily admitted when one considers the number of ports to which, and the infinite direction from which, a blockade runner might approach. But presuming that we have a strong fleet there should never be any difficulty in keeping our ports open to commerce. The Admiralty are also sceptical as to the damage which might be done by commerce destroyers roaming the ocean at large, for though there are British merchantmen to be found on every sea, some of which are almost certain to be taken, their very number is a guarantee that the captures will be but a small percentage of the whole. In fact, the Admiralty are prepared to say that "there

will be no material diminution in the supplies of wheat and flour reaching the United Kingdom," and the majority of the Commissioners accept this conclusion.

The case of the *Alabama* in the American War has been cited to prove the contrary, and it is sometimes thought that the British marine would be swept off the sea. But the case of the *Alabama* is no criterion, for she was a steamship preying on sailing-ships, and to-day the sailing-ship portion of our marine is so small that it is negligible. It will be a very different matter to capture steamships which can flee from a warship in any direction and at considerable speed. Our fastest liners can show a clean pair of heels to the swiftest battleship in the Navy, and the experience of the late war is that even a slow boat may pass through a danger-zone during the night. Again, the time a commerce-destroyer can remain away from port is limited by its coal capacity, and its accommodation for captured crews. In fact the need of continually visiting port for bunker coal gives the nation which possesses the coaling stations the whiphand. The conclusion of the Commission is, therefore, that there is no need to fear the cutting off of supplies, and consequently we have not to attempt the impossible task of rationing the nation for a couple of years as some have suggested.

But though supplies would come they would do so at considerable risk, and insurance rates would be heavy. Vessels would also be required by the Government for transport purposes, sailing-ships might be laid up, as well as, possibly, some of the slower steamships, so that there would be a shortage of carrying capacity for ordinary purposes, which means that freight rates would rise. It does not follow that less wheat would be shipped, for being a necessary the demand is inelastic and it would readily bear a heavy rate; but it would mean an increase in prices in this country though not a very great one. Insurance and freight charges are but a small part of the cost of wheat, and double freight rates and a 10 per cent. war premium would raise wheat at 27s. per quarter to 34s. or from 30s. to 37s. 3d. Even this does not involve a proportionate increase in the retail price of bread, but it is calculated that a 50 per cent. rise in wheat involves a 30 per cent. rise in the quartern loaf if the cost of baking, &c., remains constant.

Many, however, have expressed the fear that a rise of prices might occur which could not be put down to any economic cause, being merely due to panic—in fact what has been called the psychological rise. The very uncertainty of its duration and extent, and the amount of harm it might do, make it appear rather terrifying,

and it is to guard against this unreasoning panic that the Commissioners have taken into consideration various storage schemes. It is thought that if the public knew the Government had some reserve of food it would cause a sense of security.

As for the actual schemes proposed those involving the building of national storehouses or the subsidising of millers and merchants to hold wheat on Government account are dismissed on the grounds of expense, difficulty of working, and disturbance of the trade.

A bonus to native farmers would be even more expensive; if it were paid per acre it would bring unsuitable land under cultivation; if paid per quarter it would give a preference to the owner of extensive and fertile land as against the small farmer. Moreover, a great deal of wheat is already kept in stock, so that to that extent the nation would be paying for the storage of wheat that would be stored in any case. The Commissioners think the most feasible scheme is that of Mr. Marshall Stevens, and they recommend its adoption as an experiment—largely on account of its cheapness.

Elevator warehouses are to be erected and a fixed sum per quarter of capacity is to be paid to the owners by the Government. In return the former are to offer the stores rent-free to anyone who wishes to use them. The Government in fact merely pays the rent of the wheat, and there is the advantage that no disturbance would be caused to the trade. The underlying idea is that the offer of rent-free storage would cause wheat stored under present conditions in the country of production to be held in this country.

But the Commissioners are uncertain of its success. In the first place there is no guarantee that the stores would be full—and when war broke out there might be no reserve at all. Secondly, even if full, the wheat might merely have been transferred from existing warehouses. In fact the Government might find itself paying the rent of the seven weeks' supply and upwards at present in the country.

There is one consideration which applies to all these proposals. What is to be done with the wheat when war breaks out? If it is sold at once it will keep down prices, but will discourage importers, for economic causes will make importation impossible at the old price. To discourage importation at such a moment would be madness, unless the reserve is large enough to carry the country right through the war, and yet if prices are allowed to follow their normal course, the very object of the stores is defeated.

Of course the true remedy against panic is accurate information and knowledge of the real condition of affairs. For the rest the Commission proposes that the nation should indirectly shoulder the burden of the economic rise of prices by means of National Indemnity. Under this scheme the Government are to make good any losses to shipowners which occur by reason of the war. This would make a war insurance premium unnecessary and so remove the chief cause of the enhanced price, while the expense to the Government—beyond the cost of organisation—would be limited to the actual losses by war. The proposal has not been worked out fully, but the Commission suggests that the matter should be taken up by an Expert Committee and put in working order as soon as possible. This is the one and only recommendation on which the Commissioners are unanimously agreed.

In a word, the result of more than two years' laborious and careful investigation is the conclusion that, although the existence of the nation is dependent on oversea supplies, there is no reasonable probability of their material diminution in the event of war, and the only way in which the position can be improved is to lessen the friction which war insurance rates would cause, by a scheme of National Indemnity.

RECENT OFFICIAL PUBLICATIONS.

THE thirty-fourth annual Report of the Local Government Board shows a continued increase in pauperism. [C^d. 2661.]

Agricultural Returns of Great Britain, 1905. Preliminary Statement.

THE returns collected on the 5th of June, 1905, compared with 1904, show an increase of the area under wheat from less than 1,400,000 to almost 1,800,000 acres. The area under barley, oats, and bare fallow has decreased.

Reports from His Majesty's Representatives Abroad Respecting Graduated Income Taxes in Foreign States. [C^d. 2587.]

Graduated Income Tax (Colonies) 4. C. 196 and 282.

BOTH graduation according to the magnitude of income and differentiation between (otherwise defined) classes of income pre-

vail extensively. The information respecting foreign countries is well-summarised by Mr. Bernard Mallet.

Report on the Salvation Army Colonies, with Scheme of National Land Settlement. By H. RIDER HAGGARD. [C^d. 2562.]

“To relieve . . . the congestion of our cities which results in so much degradation . . . to advantage the Empire by the introduction on its unoccupied spaces of large numbers of persons . . . of British blood and the parents of children that will hand down to the future the traditions, characteristics, and virtues of our race,”—these objects are to be realised by capital invested in the way of business, together with the philanthropic aid of the Salvation Army.

Report on Changes in Rates of Wages and Hours of Labour in the United Kingdom in 1904. [C^d. 2674.]

THE decline in wages which characterised the years 1901–1903 continued in 1904. The reduction of hours was comparatively small.

The Bulletin of the Bureau of Labour (U.S.A.) for July, 1905, gives the results of an investigation into wages, hours of labour, and retail prices of food, for the period 1890–1904, showing a decrease in the number of hours worked, but, owing to the increase in the rate of wages, an increase in earnings, and yet, owing to the rise in the retail prices of food, a decrease in the purchasing power of those earnings.

The *Bulletin* for September has a paper extending over more than 250 pages on Government industrial arbitration, by L. W. HATCH, describing the provisions and operation of laws in different countries.

OBITUARY.

WILLIAM FOWLER.

By the death of William Fowler, which occurred on September 16th, 1905, the City has lost a man who was not only keen and prominent in business, but who took a genuine interest in the wider fields of currency and finance.

William Fowler, a cousin of Sir Robert Nicholas Fowler.

twice Lord Mayor of London, was born on July 27th, 1828, at Melksham, in Wiltshire, where his family had lived for some generations. He was a member of the Society of Friends, and, perhaps, may have inherited the tenacity of his principles from his grandfather, Robert Fowler, a wine and spirit merchant who was successful for a time, but afterwards lost much of his trade through scruples which arose in his mind as to supplying public-houses. His daughter used to relate in later life that she remembered the wine being run down the gutter of the Melksham Street. William Fowler himself was a strict teetotaler.

He was educated by tutors at home. As a young man two of his greatest friends were Sir Edward Fry and Dr. Thomas Hodgkin. In 1846 he went up to University College, London, and received a gold medal for a chemistry prize essay and also a prize at the examination in the class of English Law, the subject being the Law of Parent and Child, and Guardian and Ward. On July 16th, 1846, he matriculated at the University of London. In 1849 he commenced reading law seriously. In 1850 he worked at jurisprudence and Blackstone's Commentaries for the degree of LL.B. at the University. At the examination for this he passed in the first division and had the scholarship awarded him at the examination for honours in jurisprudence, and a certificate of honour in that on conveyancing. At the examination held in the Hall of Gray's Inn, beginning June 1st, 1851, he got the first place and the lecturer's prize. He was called to the Bar in 1852. In 1855, when the prospects of his career at the Bar were very favourable, he joined, through the intervention of the well-known banker, Mr. Gurney Barclay, the discount house of Alexanders, Cunliffe and Co., as a partner. From that time his life was spent in the City. On the dissolution of his partnership with the Alexanders, in 1877, he joined the National Discount Co. as a director. He was also a director of the Investment Trust Corporation and of several other companies, including the Bank of Tarapaca, of which he was, for several years, chairman.

He had a strong desire to enter Parliament to further those reforms in the law of the country which he desired to promote. In 1868 he was elected a member for the city of Cambridge in the Liberal interest, and sat till 1874. He was again elected in 1880, but was defeated in 1885. In 1886 he contested Perth, but was not successful. In the House of Commons he spoke seldom, but always commanded an attentive hearing when he did so.

He wrote several pamphlets deserving attention on subjects

which his knowledge of the law, combined with his business training, qualified him to discuss. The subject of the law affecting land greatly occupied his attention. A pamphlet published in 1869, "Thoughts on Free Trade in Land," represents his views very thoroughly. He argued very strongly for the abolition of the law of Primogeniture. While he was "firmly convinced that such a change of the law would have no important effect whatever" on the character of the holdings of land, he was strong in the belief that the repeal of the law would "be most salutary, as bringing the law of intestacy into harmony with common sense and justice." Intestacies take place through ignorance or carelessness for the most part in the case of small properties, where they produce very great hardships without the smallest compensating benefit. Again, he was firm in the belief that the law of entail required modification. His strong desire was to enlarge the powers of owners to deal with their land untrammelled by legal impediments in the belief that this would conduce to the lasting prosperity and happiness of the people.

The pamphlet on the "Appreciation of Gold" was published under the auspices of the Cobden Club in 1886. It is a very interesting survey of the main facts of a discussion which excited more interest at that time than it has done since, but the one of William Fowler's pamphlets which had the widest influence and circulation is that on the Crisis of 1866. This essay—written with all the vividness which daily experience of the troubles chronicled can give—contains a very interesting history of the distress of that period of terrible anxiety, the miseries of which will never be forgotten by those who were in business at the time. It is a melancholy thing to remember that, though nearly forty years have passed by since William Fowler gave his prudent advice on the establishment of a sufficient reserve in gold at the Bank of England, this plan has never yet been carried out.

"Indian Currency," published in 1899, the latest of William Fowler's works, contains a very careful and thoughtful statement respecting the present position of the circulating medium of India. This was a subject to which he had devoted considerable attention—witness his article on the "Report of the Indian Currency Commission" in the *ECONOMIC JOURNAL* (1893)—while his knowledge of business matters in England gave him great opportunities of arriving at a sound judgment of his pamphlet. The opening sentence contains a statement, the truth of which is undeniable, though no satisfactory answer can be given: "It may fairly be said that India has no proper money, for no money can be re-

garded as a true money unless the supply of coins or their representatives be free." This was written in 1899. In India, since 1893, the mints have not been open to the coinage of silver, but while the value of the metal in the silver rupee now ranges close to 9*d.* or 10*d.*, the Indian Government has fixed its value for purposes of exchange at 1*s.* 4*d.* Space to discuss the whole of this most intricate question cannot be found here. That the rate of exchange should be fixed thus is no doubt a great advantage to the Indian Government as affecting the sum that has to be raised by taxation to pay the charges which have to be met in gold in England. In this sense the act of the Government has been a real assistance to the Indian Exchequer, but the other side of the question—the effect on the Indian taxpayer—has not been sufficiently recognised. William Fowler's examination of the whole problem is a masterful statement of a most difficult question, and deserves more attention than it has received.

Though William Fowler's writings have not been numerous, they are marked by careful thought, and are the outcome of a well-trained mind. His work was an example in this of a line of action which men of business will do well to follow. There are many subjects of which those only who are actively engaged in affairs possess knowledge at first hand, the expression of which may be of powerful assistance in raising up sound public opinion at times when good guidance is of the highest importance to the welfare of the whole community. He also devoted considerable energy in other directions. Thus he was for twenty-eight years the treasurer of Dr. Barnardo's Homes; he also established the Fowler Fund to promote archæological exploration in Egypt.

By his family he was much beloved, as he was regretted by those associated with him in business.

R. H. INGLIS PALGRAVE

WE regret to have to announce the death of N. C. Frederiksen, formerly Professor of Political Economy and Finance in the University of Copenhagen, known to English readers by his work on Finland, its public and private economy, which appeared in English in 1902.

CITY NOTES.

WE receive the following "City Notes" from R. G. :

General Characteristics.—The leading features of the business situation since the last notes have been the hardening of the money market and the advance of the Bank-rate in London, Berlin, and other monetary centres; a steady improvement in the industry of the United Kingdom as witnessed by the expansion of exports and the decline in the proportion of unemployed in leading trades; and a moderate fall in securities generally, succeeding the boom which was in progress three months ago, accompanied by a heavy fall in Russian securities corresponding to the development of its revolution, and the interruption of negotiations for a great loan by great strikes and outbreaks at the end of October. At the time of writing (end of November) all these characteristics are in evidence, and there is much interest and anxiety as to the probable course of events in the near future.

The Money Market.—There appears to be little doubt as to the continuance of money market firmness for some time, the causes being largely of a permanent nature and likely enough to continue in operation until there has been a financial crisis. The very improvement of trade, as we have often pointed out, is itself a cause of dear money. Traders doing more business increase their borrowings from banks, and more currency is required for transactions, thus weakening the banks in the direction of their assets as well as liabilities. This demand for currency is especially manifest also, in almost all civilised countries, in the autumn months and towards the end of the year, and has been conspicuous of late in the United States, where it is the natural result of abundant harvests and other signs of general prosperity. Of course, this seasonal demand for currency will be succeeded by a slack period later on when currency comes back from circulation into the banks, but the inflow in times of expansion and booming is not so great as the outflow, and the banks are more or less weakened permanently as well as for the season. The higher rates in the money market are thus explained, and little change can be expected, according to the usual rule, until the spring is well advanced. The Bank of England, in particular, has a special leverage for keeping up rates in the winter months and early part of the year by reason of the large payments of revenue which

increase the Government, at the expense of the private, deposits; and although the Bank uses its power with great forbearance and consideration for traders generally, yet its power is undoubted, and tends on the whole to maintain rates.

Bank Reserves.—It is a sign of the strain in the money market that there has been a renewal of the discussion as to the sufficiency of our bank reserves. Bankers are chronically uneasy on the subject, and the great liabilities of our banks in the aggregate are once more contrasted with the smallness of the Bank of England reserve, which is the only reserve against a crisis. It is surprising, notwithstanding all that has been written on this subject for half a century, beginning with Mr. Bagehot's articles in the *Economist* in the 'fifties which were the foundation of his "Lombard Street," where the subject is so much discussed, that hardly anything substantial has been done to improve permanently the condition of the money market in this respect. Probably the main reason is the sensitiveness of the market itself. Everybody is ready to take in sail at the slightest hint of trouble, and the automatic action of those who have the care of the reserve thus increases its efficiency tenfold, and renders unnecessary a large accumulation beforehand which might be no more effective in reality if a real crisis were to come, and might conduce to mischief by throwing people off their guard. There can be no doubt, however, of the utility of the discussions which always help to keep the banking community wide awake.

The Fall in Securities.—Although there was a moderate fall in securities on the average in October and November, this is no more than was to be expected after the previous boom. The fall in Russian stocks, however, succeeding the failure of the financial negotiations in October, appears to be the beginning of one of those great financial changes which accompany political catastrophes, and which will deserve much attention in the business world. It has already raised the question whether the political disorders in Russia are likely to go so far as to interrupt the continuity of the Government itself. If a continuous Central Government can be assured in Russia there need be no fear for its finances. The cessation of expenditure on army and navy and on building unproductive strategical railways would immediately restore financial equilibrium, which has only been endangered of recent

years by the Government's attempt to do too much. But if the political disorders really threaten the very existence of the Central Government, even for a time only, then the stability of the currency and the security of the national creditor are all endangered. This is the formidable problem now raised by the financial panics in St. Petersburg, and corresponding trouble in the markets for Russian securities on European bourses. Even if great troubles are ahead, however, it should be remembered, Russian creditors ought not to be hopeless, considering the recuperative power of an essentially conservative people and State when they have passed through the extreme fires of revolution now threatening.

The Trade Improvement.—It is customary to refer to the expansion of the exports, which goes on without a check, as the leading sign of trade improvement at the present time; but much more importance is attached in the City to the private reports from trading centres, and the evident improvement in the great textiles, in the iron trades, including especially shipbuilding, and in the various metal and manufacturing trades. A principal exception is made by the building trades which were so long prosperous when other trades were falling off, and where the turn for the better will, no doubt, come in time. The situation confirms the wisdom of an old remark in the City—that business is never so sound and prosperous, or profits so good, as when everybody is complaining of bad times, and the cry of want of employment is loudest. Always in such times quiet business goes on developing and increasing, until in the midst of the outcry undeniable evidence shows itself on all sides that the outcry is itself unfounded, and trade is really very good, with plenty of employment for all who are willing to work energetically—the qualifications of willingness and energy being in this matter most important. This is the City view which nothing will shake, and which seems to be confirmed by every fresh experience when philanthropists have been doing their best to encourage socialism and other mischiefs by echoing what is often an unfounded cry of want of employment, and by aiding schemes which multiply the numbers of the unemployable.

The Expansion of Exports.—Each month during the present year has swollen the wonderful figures of the export trade, where an increase has now been going on for more than two years. The

figures for the ten months now past of the current year are really most striking, and are repeated here *pour memoire* :

EXPORTS OF BRITISH AND IRISH PRODUCE IN TEN MONTHS ENDING OCTOBER.

In 1905	...	...	...	...	£271,763,124
„ 1904	...	...	...	...	246,632,475
Increase in 1905					<u>£25,130,649</u>

The increase is accordingly at the rate of ten per cent. for the period of ten months, and follows on an increase in 1904, though not of great amount, as compared with 1903. It will be interesting, when the year comes to an end, to analyse the increase, but it is evident already that it is only to be explained in part by a rise in prices; that it is quite general in all branches of our export trade; and that it is by no means confined to trade with British possessions, but is even more marked in our exports to foreign countries. The increase of exports to British possessions in the three quarters ending September, for which the figures on this head have been published, is from £83,039,000 to £84,049,000, little more than 1 per cent., whereas the increase of exports to foreign countries for the same period is from £138,149,000 to £158,346,000, or 15 per cent. The most notable exceptional increase appears to be in our trade with China and the Far East, the happy result in part of the end of the Russo-Japanese War.

Japanese Conversion Loan.—In spite of the hardening of the money market the Japanese Government has been able to begin the conversion of its debt into securities bearing a lower rate of interest by the issue of a £50,000,000 loan bearing 4 per cent. interest at the price of 90 as compared with issues at 6 and 7 per cent. during the war. No fact could illustrate more strongly the difference of the financial result of the war to Japan and Russia. Not long before the war Russia could issue its 4 per cent. stock about par, and even during the war its public loans could still be issued at 5 per cent. rates. Now it is quite unable to borrow at any price. Japan, however, has got high up in the ranks of great Powers with good credit, and its 4 per cent. stocks seem likely, and very soon, to be as good as those of Russia before the war. Nothing succeeds like success, and the result will be a great financial economy for the Japanese. The difference to them on the total of their debt between a 4 and 6 per cent. rate of interest will perhaps be over £3,000,000, which will be worth more than a

large indemnity would have been, and is a legitimate profit from the good sense and moderation with which peace terms were agreed upon.

R. G.

LABOUR NOTES.

THE slight set-back of the middle months of the year has been arrested and over very wide areas the conditions of trade and employment are showing signs of decided improvement. The most conspicuous illustration of this is still found in the textile industries, especially in the cotton and woollen trades, in the latter case the restrictive effects of unusually high prices of the raw material having been overcome, and in the former the weakening effects of a speculative and uncertain market. It is in the textile group of trades that the most decided advance in wages has been recorded during the year, the gain for the first ten months amounting to nearly £10,000 per week. A very favourable sign is also found in the advance recently recorded in the engineering and allied trades in the North-east coast, and it is noteworthy that in this group for the country at large the percentage of unemployed members at the end of October, 1905, was 4.1, as compared with 8.0 twelve months before.

THE general table of changes in wages reported for the first ten months of 1905 also compares very favourably with the corresponding figures for 1904. The net result of all changes still shows, it is true, a decline, chiefly explained by decreases in the wages of coal-miners, but it is noteworthy that whereas in 1904 the instances of gain were for insignificant amounts only in the minor metal industries, and among municipal employees, some gain is now recorded in six groups of trades, including, besides the textile industries, iron-mining, and pig-iron and iron and steel manufactures. In some coalfields, also, the tide has now turned slightly in favour of wage-earners. The welcome absence of any widespread area of dispute continues.

THE net result of the wages movement of the first ten months of the year, as reported in the *Labour Gazette*, is still, as already stated, a decrease; but the amount, £5,321 per week, compares very favourably with the decrease of £32,536 for the corresponding period of 1904. The *Labour Gazette* chart of unemployment

showed 5.1 unemployed at the end of October, representing a decline of .2 per cent. for the month, and 1.5 for the year. The present figure is about 1 per cent. higher than the average for the preceding decade.

IN spite of the improvement that has taken and is taking place there is still much distress from want of employment. The building trades, in which, at the best of times, so much employment is discontinuous, remain as a group in a depressed condition in many parts of the country, including London, and this fact alone, coupled with the drain upon savings that has resulted from the period of depression through which the country has been passing, in some considerable measure explains the prominence assumed at the present time by the problem arising from unemployment. It is doubtless also accentuated by the fact that the new machinery provided in London last year, and now on a statutory basis throughout the country, has grouped the highly composite class of the unemployed in a new way. The existence of a real problem is thus being demonstrated afresh, and the serious task of administration remains. To a very great extent the task is one of classification and selection, and the extreme difficulty of discriminating between the genuine temporarily unemployed and the false largely explains the unwillingness of so many 'well-disposed' people to make the attempt at all.

To such an attempt, however, the country is committed, at any rate for the next three years, and it may be noted that the chances of its successful accomplishment are increased by the very fact that the conditions of employment are tending to improve. The higher the normal demand for labour the easier will become the task of discrimination between those who are genuinely out of work and those whose whole industrial life, in good times as in bad, is marked by an irregularity that is sometimes preferred, and that sometimes results from some special source of incompetency—personal or technical.

THE annual Conference of the Amalgamated Society of Railway Servants was the occasion for a fresh consideration of the relations of that body to the Labour Representation Committee, and after an animated discussion it was decided, by 36 votes to 24, not to re-impose the condition that no parliamentary candidate should

be supported who did not accept, as Mr. Bell, the Secretary of the Society, declined to do, the constitution of the Committee. It is improbable that upon this vexed question the last word has as yet been heard. A proposal to secede altogether from the Labour Representation Committee was defeated by 56 votes to 3, and thus the Amalgamated Society will continue to support a body the constitution of which it is not prepared to enforce.

THE Society, in spite of the heavy and exceptional charges it has had to meet during the past year, is in a stronger financial position than it has ever been, the reserve now amounting to about £300,000. The hoped-for amalgamation with the Associated Enginemen and Firemen, with its 12,000 members, as compared with the 16,000 men of these grades who have joined the Amalgamated Society, has not yet been realised, and the view that sectional organisation gives exceptional strength because of the concentration of effort that it is believed to facilitate still finds many supporters.

CERTAIN new problems traceable to modern innovations and inventions are attracting a good deal of attention on the part of railway employees, especially the effects of the introduction of more powerful engines, heavier rolling stock, and longer trains. It is seen that such changes tend either to involve larger responsibilities for individual members of certain grades concerned, especially drivers and guards, or in some cases, as, in the absence of mechanical appliances, in loading the twenty-ton wagons, more effort. Thus not only does the question of wages at once supervene, but it is also feared that some of the changes mentioned may lead to the employment of smaller numbers, and perhaps lessen the chances of promotion. If, however, the changes made, which are always introduced in the interests of efficiency and economy, prove successful, they will tend to lead to greater prosperity and to expansion, and in these results the solution of most of the fears of the employees is likely to be found.

ANOTHER disturbing factor in railway service is found in electrification, and this change is doubtless one that will demand adaptation on the part of many employees used to the older methods of traction. It represents in the railway world the same problem that is confronting many coachmen, omnibus-drivers, and horse

keepers at the present time, and is analogous to that which a few generations back, when steam traction was a new thing, confronted coaches and carriers by road. In the train of such changes a certain amount of dislocation and often of painful adjustment unhappily follows, but modern progressive industry is nevertheless introducing them in a thousand forms. It is the large changes that attract attention, but changes large and small are constant and are often the very means by which alone progress, stability, and employment itself can be maintained.

THE General Federation of Trade Unions continues to strengthen its position, not only as regards the number of the contributing societies and the amount of its financial reserve, but also through the policy it adopts. This, so far from fomenting strife in any way, has as its chief aim the bringing together of those directly concerned in disputes, when these have difficulty in doing this on their own initiative, and encouraging them "to settle their own differences." In this way the Federation tends to secure the maximum of efficiency with the minimum of interference.

IN the last quarterly report of the Federation the question of unemployment assumes the most prominent place. Only a very qualified approval of the recent Unemployed Workmen Act is given, and the general complaint is made that "the whole question seems to be drifting in the wrong direction." The "real remedy" is still held to be "a shorter working day." This, it is held, would "not only relieve the unemployed pressure, greatly strengthen the economic position of the worker, and ease the drain upon Trade Unions' funds, but would, by the better sharing of the work to be done, exercise that spirit of brotherhood of which organised labour is so proud." At any given moment it is probable that such results would tend to follow were it possible to adopt the suggested remedy, but a more prolonged experience does not show that it would produce anything of the nature of a permanent remedy. The causes of unemployment are manifold, and many of these seem to lie far deeper than the length of the working day, be this ten hours or nine, or eight, and they are often, it cannot be gainsaid, not less personal than economic in their source. The "solution" will have to be sought in very many directions.

At the recent conference of the National Federation of Miners at Blackpool, 516,000 men were represented. The principle of the legal eight-hours day from bank to bank was again re-affirmed, and among other resolutions carried was one that may, perhaps, be of some significance, in favour of the nationalisation of land, mines, minerals, and railways, and other instruments of industrial production. It may be noted that at the Conference of Railway Servants, to which reference has been made, a resolution was passed in favour of the nationalisation of railways.

THE future of the South Wales and Monmouth Coal Conciliation Board is happily assured for the next four years as the result of the recent joint conferences, the last of which was held on December 2. Conditions as regards prices and wages remain practically unaltered, the counter-proposals of coal-owners and miners having been alike waived.

THE recent refusal of the Chief Registrar of Friendly Societies to accept the rules of a Trade Union, because they included among the stated "objects" the securing of parliamentary representation, has given rise to a good deal of misapprehension. The objection of the Registrar, based upon the wording of the Trade Union Act of 1876, was to the inclusion of parliamentary representation as a specified general object, not to measures tending to secure such representation. For any purpose "not illegal" the members can employ their funds as they think fit, and special rules have already been passed by the Registrar enforcing a levy for labour representation purposes. Thus this special purpose, if the rule has been duly submitted to the members and approved by them in general meeting, may be assumed to be not illegal, and indeed any contrary decision would have been somewhat late in the day, since the miners have had and paid their representatives in the House of Commons for the last twenty years. An allied and more difficult question is, perhaps, that of the right of minorities in this matter, and a good deal has been heard concerning this recently in connection with some of the coal-miners in South Wales. It is difficult not to make a special rule obligatory for all when once it has been passed, but the opinion recently expressed by Mr. Bell, of the Amalgamated Society of Railway Servants, is nevertheless a sound one:—"I have always," he said, "been against coercing members in this business, and in favour of persuading them." The

same principle, in short, should apply here as in that of Trade Union members as such, among whom it is only the convinced and willing who are found to be a source of real strength.

COAL-MINERS in general, and Yorkshire miners in particular, have recently had reason to mourn the loss of one of these convinced and willing members in the person of the late Mr. William Parrott. Mr. Parrott was one of the band of Liberal Labour members who have for many years done such honour to the constituents who have sent him to Westminster. In his own case parliamentary distinction was but of short duration, as Mr. Parrott had only represented his division since the death of Mr. Pickard. His spurs were won rather in official service for the Yorkshire Miners' Association, but the whole of his public career has been characterised by the same steadfastness, strength, and honesty of purpose that distinguished him in his private life. Mine-owners not less than the men were ready to recognise his sterling character.

THE contest for the difficult and still very responsible position of Secretary to the Parliamentary Committee of the Trades Union Congress saw the secretary of a small, decaying, London riverside industry pitted against the representative of one of the largest and the most highly organised and most expansive industries of the country, Mr. Stanley, of the Midland Miners' Federation, standing against Mr. W. C. Steadman, for twenty-five years secretary of the little Barge-builders' Society of London. Both men were admittedly strong candidates, and support was not very unequally divided, but the representative of the small society and the scattered battalions won. Mr. Steadman owes his election not only to the quiet service which he has rendered for many years to his Trade Society, to the wide range of his experience of public life in London—Vestry, Borough Council, Poor Law Guardians, London County Council, and the House of Commons—but also to his character, which is not less sagacious than it is robust and honest.

THE decision of Messrs. Yarrow to take their yards from Millwall to the North of England will remove one of the few remaining links between the shipbuilding industry and the Thames. Two advantages, at least, were secured by the London position :

those incidental to long establishment anywhere—personal, commercial, and structural; and those connected with the position that London occupies as the centre of the Home Government, and as the place where the chief representatives of every foreign Government are found and can be most easily seen. The disadvantages outweighing these have been much discussed, not infrequently with bias. The following are probably the most important: the greater cost of transit of much material used, especially the bulkier ones of coal and steel; the somewhat higher scales of wages ruling in London; the high local rates of London and Poplar; and perhaps there should be added the high value of land in London. All these, and possibly others should be added, have been contributory causes leading to removal; and although Messrs. Yarrow's decision may be but another step in what has been called the "industrialisation" of Poplar, as distinguishing it from its past characteristic as a port, it is almost inevitable that when the actual time of removal comes the district will suffer, even though it be but temporarily, from the dislocation inherent in the uprooting of a great business concern from a neighbourhood which for many years has regarded it as of the nature of a valuable local asset upon which assured dependence could be placed.

At the moment the removal is apt to be discussed in the light of its effects upon the pressing problem of unemployment. But as the step is not likely to be taken for two or three years, it is not improbable that it will coincide with a time when employment will be found to be on the crest of the wave, and not, as it is just now, somewhere near the trough. It is also likely to coincide with the time when the experience gained from the administration of the Unemployed Workmen Act will be available, and when the Poor Law Commission, using this experience and its own investigations, will be in a position to recommend the country as to the next steps that should be taken in this matter.

AN interesting adumbration of the policy of the Act, which, providing funds for expenses of administration, employment-exchanges, land for farm colonies, emigration and migration, yet provides no employment whatsoever, and is dependent for the provision of this upon the charitable goodwill of the public, is found in the late Henry Sidgwick's *Principles of Political Economy*. A passage there is so per-

tinent that it may be permissible to place it on record in these notes. Sidgwick was considering Poor Law administration, and especially its obligation to provide for the sustenance of adults in distress, and wrote as follows:—"The legal right to relief [from starvation] . . . cannot be regarded as a satisfactory provision for the case of deserving persons who have fallen into indigence either through inevitable and irremediable disaster, or at any rate from causes involving no serious blame to them. And in fact the most rigid supporters of the English poor-law have generally recognised the moral necessity of supplementing it by private almsgiving. On the other hand, private almsgiving, being largely impulsive, unenlightened, and unorganised, is found to give serious encouragement to unthrift and even to imposture. These considerations suggest, first, that Government might with advantage undertake the *organisation* of eleemosynary relief, in order to make its distribution as economical, effective, and judicious as possible; and, secondly, that the *provision* of funds for such relief . . . might be left mainly to voluntary gifts and bequests . . ." (p. 535).

It may be that the really vital question alike as regards the administration of a reformed Poor Law and in dealing with the unemployed is, not where funds come from, but as to whether or no the volume of charitable gifts, "impulsive, unenlightened, and unorganised," easing the situation of the moment, but achieving no effectual or lasting good, will be lessened; and the community be thus in some measure relieved from the burden of a thoughtless kindness that, wishing presumably to diminish suffering and distress, does much to perpetuate the very evils of poverty and degradation from which suffering and distress so largely spring.

ERNEST AVES

CURRENT TOPICS.

AFTER long delay the Poor Law Commission has been appointed. As the Prime Minister indicated, when he first announced his intention of creating the Commission, it will inquire not only into the Poor Laws but "into the various means which have been adopted outside the Poor Laws for meeting distress arising from want of employment." It is also instructed to report whether there is any necessity for changes in the Poor Laws or

for fresh legislation. The Commission differs from that of 1834 in being a large one; consisting of eighteen members. Of these the best known in economic circles are Mr. Charles Booth, Mrs. Bernard Bosanquet, Miss Octavia Hill, Professor C. S. Loch, Rev. L. R. Phelps, Professor Smart, and Mrs. Sidney Webb. Lord George Hamilton is the chairman.

THE proceedings of the Trade Union Congress, which met at the beginning of September in Hanley, ran along the lines rendered familiar by previous congresses. The socialistic spirit which now dominates the delegates was shown by the passage without opposition of a request to the labour group in Parliament to draw up a bill for nationalising the mines, railroads, canals, and minerals. The usual resolutions were carried in favour of old age pensions and an eight hours' day. In the discussion of the latter proposal, however, a protest was raised from the Lancashire cotton operatives against applying such a limitation of hours to their trade. The Congress undertook a new departure by adopting the principle of State maintenance of children, and demanding the immediate provision of at least one free meal a day for children at school. The proposal for compulsory arbitration was, as usual, rejected, but there was a significant fall in the majority against it from over 400,000 in 1904 to 92,000 in 1905. In view of the letter advocating fiscal reform, which has lately been issued by a number of trade unionists, it should be noticed that a resolution condemning protection, retaliation, and preferences was carried by 1,253,000 votes to 26,000. A request was made to the Prime Minister by the Parliamentary Committee of the Congress that the new Poor Law Commission should contain a representative of labour. We notice that trade unionists will not allow this title to any of the commissioners, and consider that their request has been rejected. The Joint Board, representing the Parliamentary Committee of the Congress, the General Federation of Trade Unions, and the Labour Representation Committee, has accordingly protested that in the composition of the Commission "the organised labour movement has been completely ignored."

A COMMITTEE has been formed to organise an "Outer London Inquiry" on the methods laid down in the investigations of Mr. Charles Booth. In their prospectus the Committee point out that the growth of the suburbs immediately beyond the boundaries

of London has been one of the remarkable features of the last twenty-five years. In the east particularly, a population of over a million and a half, mostly of the artisan and labouring class, is concentrated in separate communities outside the Administrative County of London. It is proposed to begin the inquiry in West Ham, the district which secures most public attention. The cost of this first investigation is expected to be about £500. The results are to be published in book-form. The chairman of the Committee is Canon Barnett, of Toynbee Hall.

THE University of Leeds has followed the example of Birmingham and Manchester in establishing a Department of Commerce. The course of study is intended to "serve both as a general University education, and as a special preparation for the higher business careers." The University offers both a degree and a diploma in commerce. The course for the degree covers three years, and for the diploma two. There are to be evening as well as day classes. Students are advised to combine the University course with business training by devoting part of the vacations to office or other practical work.

A LARGE part of John Stuart Mill's library has been presented to Somerville College, Oxford, by his niece, Miss Helen Taylor. The purely economic section is not so large as might be expected. There are not many indications of Mill himself in the shape of his signature or marginal notes, but many of the books are presentation copies with inscriptions from Bentham, Comte, and Carlyle. A considerable part of the library belonged originally to James Mill. The gift was made at the suggestion of Mr. John Morley, who very fitly thought that the champion of women's education would have desired no more appropriate home for his library than a women's college.

A LETTER appeared in *The Times* of November 10th from Mr. and Mrs. Webb requesting assistance in finding records for the history of English local government from 1689 to 1835, at which they have been at work for the last six years. They ask in particular for records of the proceedings of petty and special sessions before 1835, for private diaries kept during the seventeenth and eighteenth centuries by Justices of the Peace, and for pamphlets relating to local government published from 1689 to 1835.

THE last report of the British Association Committee on the accuracy and comparability of statistics relating to international trade deals with a subject that was appropriate to the place and colonial character of this year's session of the Association : namely, the statistics of imports and exports, published by the Governments of States forming part of the British Empire. The inaccuracy, or at least incomparability, of colonial statistics, appears in several ways. The articles included among imports and exports are not everywhere the same ; thus the returns as to transit trade, and as to bullion and specie, are not uniform. The values of exports and imports are estimated on different bases by the Customs authorities in different countries. The determination of the country of origin and of destination is uncertain and variable. The falling off in the year 1904 in the percentage of imports of British goods as compared with the figures of previous years is regarded by the South African Customs authorities as due in a measure to the fact that in former years values were credited to the United Kingdom which should properly have been attributed to Germany and the United States. The classification of articles is often rough. For instance, in the trade of several South African States, it is impossible to ascertain the number of horses, cattle, sheep, pigs, &c., respectively imported from the several countries, since the figures are lost under the general classification of "Animals." Again, a common statistical year has not been adopted. It is hardly necessary for us to point the obvious moral that statistics should be used with greater caution than is customary in fiscal controversy. The statistics of international trade are less serviceable than is commonly supposed, whether in support or in opposition to the presumptions afforded by general economic reasoning.

THE eighteenth annual meeting of the American Economic Association will be held this year at Baltimore, December 27th to 29th. Professor Taussig, as President, will give an Address on "The Love of Wealth and the Public Service." The present state of the Theory of Distribution will be introduced by Professor J. H. Hollander, and discussed by Professor J. B. Clark and other eminent economists. Other subjects are the regulation of railway rates, the case for and against municipal ownership, the economic future of the negro.

WITH respect to the prize which has been offered for an essay on the "British Sunday" by the Philosophical Faculty of the

University of Göttingen, it has been pointed out to us by a correspondent that the abridgement of the subject proposed, which we gave in the *Economic Journal* for last June, p. 305, is liable to misinterpretation. Rather, "it is not the social value of the custom that is to be estimated; it is solely to be shown how it was possible to make this custom grow by commandments of Church and State, and it is to be shown by detailed researches on the difficulties and progress of the new custom."

THE Verein für Sozial Politik, to which our German correspondent has referred with approbation in an earlier page (p. 602), met this year, in September, at Mannheim. The centre of the Rhine traffic was a suitable place in which to discuss the financial aspect of the internal water-ways of the Empire, with special reference to the competition of railways—the subject of the first day's debate. The conditions of labour in the large industries under private management formed the subject of the second day's debate, opened by Professor L. Brentano. Kartells, introduced by Prof. Schmoller, occupied the third day. It was suggested that companies with very large capital should admit into their administration persons nominated by the Government, and should contribute to the State of their profits above ten per cent.

AMONGST all the Congresses held in Liège this summer—about seventy altogether—the International Housing Congress (Congrès International des Habitations à bon marché) deserves notice. The Congress was the seventh of a series of which the predecessors were held at Paris (1889 and 1900), Antwerp (1894), Bordeaux (1895), Brussels (1897), and Düsseldorf (1902). For the first time a large number of British Delegates, about forty ladies and gentlemen, were present. The Corporations of Liverpool, Nottingham, Newcastle, Hull, the counties of Plymouth and Durham, the English and Irish Local Government Boards, the chief housing Associations, were officially represented. The following questions were considered by the Congress: Interference of Public Bodies, Influence of Taxation on Housing, Sanitary Inspection, Building Plans, Housing, the Aesthetical point of view of Cheap Dwellings, and Working-men's Gardens. The Congress passed resolutions in favour of interference, including municipal enterprise, and also efficient sanitary inspection. An international permanent Committee was appointed, having Mr. Lepreny, the chairman of the

Congress, as President, and Brussels as headquarters. The first duty of this Committee shall be to start an International Review. The hearty invitation to hold the next session in England in 1907 was accepted.

WE regret that we are compelled by want of space to postpone an elaborate account which we have received from M. Laurent Dechesne of the proceedings at the Congress of "World's Economic Expansion," held last September at Mons, in Belgium.

THE following have been elected Fellows of the Royal Economic Society since our last notice: Mr. Thor Andersson, Prof. Andréadès, Mr. F. W. Buxton, Mr. J. J. Clarke, Mr. Bernard Dale, Mr. Tewfik El-Arab, Prof. Marco Panno, Mr. J. L. Green, The Rt. Hon. R. B. Haldane, M.P., Dr. Jur. Karl Hirsch, Mr. D. H. Macgregor, Manchester Statistical Society, Mr. R. Mochiji, Mr. P. B. Moodie, Mr. E. W. Rowntree, Mr. A. Schaeffer, Mr. G. Shann, Mr. H. K. Singh, Mr. P. F. Tuckett.

The following have resigned: Col. H. Blundell, Mr. J. S. Davy, Mr. R. H. Hooker, Mr. J. G. Johnson, Rev. H. F. Mallet, Mr. D. Naoroji, Mr. J. R. Thursfield.

The following have died: Mr. W. G. Clay, Mr. G. H. Dick, Mr. Theodore Davies, Mr. A. S. Harvey, Prof. J. N. Lang, Sir John B. Phear, Mr. J. Ruston, Sir Bernard Samuelson.

RECENT PERIODICALS AND NEW BOOKS

The Economic Review.

- OCTOBER, 1903. *The Christian Social Union.* REV. T. C. FRY.
British and Foreign Banking. H. W. WOLFF. *The Problem of Poverty.* REV. C. BAUMGARTEN. *Dangerous Trades.* MISS CONSTANCE SMITH. *The New German Tariffs.* OWEN FLEMING.
-

Journal of the Royal Statistical Society.

- The Effect of Statutory Regulations . . . of Industrial Occupations.*
L. WARD. H.M. Inspector of Factories. The effect of the Factory Acts and of the Mines Regulations Acts (both classes well summarised) on mortality, sickness, and physique in the principal industries is exhibited statistically. *A Contribution to the Study of the Vital and other Statistics of the Jews in the United Kingdom.* S. ROSENBAUM.
-

The Nineteenth Century.

- OCTOBER. *True Foundations of Empire: the Home and the Workshop.* MISS VIOLET MARKHAM. *How Poor Law Guardians spend their Money in Scotland.* SIR A. BAIRD. Details about a particular Poor-house.
- NOVEMBER. *The Excessive National Expenditure.* LORD AVEBURY.
"Reduce expenditure, pay off debt, increase our reserves and lighten the taxes, which now press so heavily on industry."
-

Contemporary Review.

- OCTOBER, 1905. *Iniquities of Poor Law Administration.* SIR EDMUND. VERNEY. *The German Working-man and Protection.* W. H. DAWSON.
-

The Fortnightly Review.

- NOVEMBER. *The Irish Land Purchase Deadlock.* EARL OF DUNRAVEN.
The Housing of the Poor. B. TAYLOR.
-

The National Review.

- SEPTEMBER, 1905. *Revenue Aspects of Fiscal Reform.* SIR CHARLES FOLLETT. "From a revenue point of view there can be no more legitimate tax than one on food."
-

Monthly Review.

SEPTEMBER, 1905. *Mr. Chamberlain's Proposals.* J. S. EWART [of Ottawa]. Some, but not all, of the proposals are acceptable to Canada.

The Independent Review.

SEPTEMBER, 1905. *Measures to accompany Land Taxation.* F. W. PETHICK LAWRENCE. The stimulus given to building in the suburbs might, without proper regulation, have bad results.

NOVEMBER. *Treasury Control.* R. McKENNA. *The Principle of Municipal Trading.* E. CANNAN. Selling, the characteristic of trading, pertains in different degrees and forms to municipal dealings; e.g., occasionally hired policemen, water paid for by rates. Municipal trading is not socialistic: it changes not the ownership of capital, only the management.

Quarterly Journal of Economics (Boston).

AUGUST, 1905. *The Co-operative Coopers of Minneapolis.* G. O. VIRTUE. *The Probable Increase of the Negro Race in the United States.* WALTER F. WILLCOX. *Suggestions on the Theory of Value.* LUDWIG KOTANY. *The Establishment of the Gold Exchange Standard in the Philippines.* E. W. KEMMERER. *Wool-growing and the Tariff since 1890.* CHESTER W. WRIGHT. *The Hibernia Fiasco: Recent Effort of the Prussian Fiscus to acquire Coal Lands.* FRANCIS WALKER.

Political Science Quarterly.

SEPTEMBER, 1905. *The Cost of Life Insurance.* A. H. WILLETT. *Pending Problems in Public Finance.* E. R. A. SELIGMAN. "Taxes on the thing rather than the person," taxing of corporations, and the reform of indirect taxation are among the problems.

Revue d'Économie Politique (Paris).

AUGUST-SEPTEMBER. *Deux sens du mot Capital: Le Capital économique et le Capital juridique.* E. CHATELAIN. *Le rachat des chemins de fer en Suisse.* A. ACHARD. The State Purchase of the Swiss Railways seems so far not an unimixed success. *La ville Capitaliste d'après Sombart.* M. HALBWACHS. *Le Crédit agricole et la Banque libre.* F. BERNARD.

OCTOBER-NOVEMBER. *Problèmes Syndicaux Français.* M. LAZARD. *Le Chambre des Lords et les Trades-Unions.* M. ALFASSA. *Le travail à domicile dans les industries d'habillement.* I. A. AFTALION.

Journal des Économistes (Paris).

AUGUST, 1905. *Les résultats du droit sur le Blé en Italie.* E. GIRETTI. Importation has increased in spite of the tariff. *La lutte contre le chômage en Suisse.* D. BELLET. *L'entrepôt obligatoire et les nouvelles mesures fiscales à Paris.* E. LETOURNEUR. , John Parish.

A. RAFFALOVICH. A biographical notice of a Hamburg merchant who flourished last century.

SEPTEMBER. *Travaux Parlementaires*, 1904-5. ANDRÉ LIËSSE. *Le territoire indien aux États-unis*. LABORER.

OCTOBER, 1905. *Sociétés Cooperatives*. G. DE MOLINARI. *La monopolisation du travail à San Francisco*. R. S. BAKER. A description of triumphant Unionism, translated from *Maclure's Magazine*.

NOVEMBER. *Un agronome français au XVI. siècle*. P. BONNAUD. *Les réalités Algériennes*. E. MACQUART. *Le chemin de fer métropolitain de Paris*. E. LETOURNEUR.

The *Revue Économique Internationale* (Paris) for October, 1905, contains an article by Professor E. Philippovich on *Individual Responsibility and Mutual Succour* [including State intervention], complementary principles both essential to success in the competition of nations. The *International Cooperative Alliance* is the subject of an article in the same number by Prof. Charles Gide. Science rather than propaganda he thinks should be the object of the institution.

In the November number there is an important study on wages in France during the last thirty-five years, showing a rise in real wages.

In *l'Économiste Français* (Paris) M. de Foville has an interesting article on the price of corn in the nineteenth century (referring to M. Béla Földes' recent contributions on the subject): During the century the price has doubled in some European countries, fallen by some 50 per cent. in others (notably England); the former producing more than they consume (Hungary and Russia), not so the latter. The stability of prices has increased, a gain with respect to the wants of nature, if not the requirements of commerce, now more nicely adjusted.

The same light but incisive pen is exercised (October 14th and 21st) on *Indices Économiques*, those variables which, influenced by the general condition of affairs, serve to indicate the progress (or retrogression) of national prosperity—a sort of self-registering barometer. M. de Foville refers to his own coloured diagram, presented to the Statistical Society of 1888, as better adapted to show degrees not susceptible of precision than the "brutal average" of the "indice totalisateur." The eighty series of indices recently published by the *Bureau de la Statistique Générale* show no great progress in the economic condition of France during recent years.

In the *Rentier* for August and September, 1905, the tenth session of the International Institute of Statistics is fully described by M. Alfred Meymarck—himself no small part of the session (see *ECONOMIC JOURNAL*, September, p. 471).

Jahrbücher für Nationalökonomie (Jena).

AUGUST, 1905. *Die "enorme Ueberbilanz" der Vereinigten Staaten*. H. DIETZEL.

SEPTEMBER. *Der kollektive Arbeitsvertrag als Gegenstand der Gesetzgebung*. H. KÖPPE.

NOVEMBER. *Die Reform des Börsengesetzes in Deutschland*. O. WARSCHAUER.

In *Jahrbuch für Gesetzgebung* (Leipzig), among recent noteworthy articles are one on *Eugenics* by F. TÖNNIES (1905, Heft 3) and one on the relation of *Kartels* to the State by SCHMOLLER (Heft 4).

Archiv für Sozialwissenschaft und Sozialpolitik (Tübingen).

BAND XXI., HEFT II. *Sozialpathologie als Wissenschaft*. Dr. WILLY HELLPACH. *Studien zur Entwicklungsgeschichte des nordamerikanischen Proletariats*. WERNER SOMBART. *Studien zu einer Klassen- und Berufsanalyse des Sozialismus in Italien*. Dr. ROBERT MICHELS. *Die Konzentration im Kohlenbergbau und das preussische Berggesetz*. Prof. Dr. EBERHARD GÖTHEIN. *Die Rechtslage der Gewerkvereine in den Vereinigten Staaten*. J. H. RALSTON. *Die sozialpädagogischen Ziele und Erfolge der Comenius-Gesellschaft*. Dr. LUDWIG KELLER.

HEFT III. *Gesellschaft und Natur*. Prof. Dr. FRANZ EULEBURG. *Studien zur Entwicklungsgeschichte des nordamerikanischen Proletariats*. WERNER SOMBART. *Die Lebenshaltung des Arbeiters in den Vereinigten Staaten*. *Die soziale Stellung des Arbeiters*. *Der Fiskus als Arbeitgeber im deutschen Staatsbahnwesen*. Prof. Dr. WALTHER LOTZ. *Zur Frage der Parteivertretung vor den Gewerbe- und Kaufmannsgerichten*. MAGISTRATSRAT WÖLBING. *Die Weiterzahlung von Lohn neben dem Frankengelde*. SENATOR H. V. FRANKENBERG. *Literatur zur Volksbildungsfrage*. Besprochen von Dr. FRITZ SCHNEIDER. *Soziale Literatur über die Frauenfrage*. Besprochen von Dr. ELISABETH GOTTHEINER.

Giornale degli Economisti (Rome).

AUGUST, 1905. *Dell' influenza delle condizioni economiche sulla forma della curva dei redditi*. C. BRESCIAU. *La Politica delle libere importazioni*. E. GIRETTI. *L'azione del Comune per le case popolari*. U. GOBBI. *Le condizioni del Salarariato Agricolo in Provincia di Cagliari*. A. PEIROLERI. *Ancora del Costo di produzione dell' uomo*. F. COLETTI.

SEPTEMBER, 1905. *A proposito della traduzione italiana del "trattato di Economia politica" del Pierson*. A. GRAZIANI. *Le condizioni del lavoro nell' industria dei laterizi*. A. CARONCINI, L. MARCHETTI. *Un cimitero di cooperative*. L. PAOLETTI. [The mortality of cooperative vital societies is compared with that of capitalist companies and accounted for.]

OCTOBER. *Piano di elaborazione di una statistica dei salari*. F. COLETTI. *I debiti dei comuni e delle provincie*. C. TORLONIA. *Le condizioni del Salarariato agricolo in provincia di Cagliari*. A. PEIROLERI.

La Riforma Sociale (Turin).

JULY, 1903. *Politica doganale*. Prof. R. BENINI. *La Municipalizzazione del pane*. F. G. TENERELLI [referring to the experiment in Catania, described in the *Giornale degli Economisti*, December, 1904, and subsequent numbers]. *Il bilancio dell' Emigrazione*. F. S. NITTI. *Un trentennio di vita di una Grande Società industriale Italiana*. SPECTATOR.

We are prohibited by want of space from describing other important articles by authoritative writers in subsequent numbers.

NEW BOOKS

BOWLES (T. GIBSON). *National Finance in 1905*. London: 1905. Pp. 40. 1s.

[Following up his pamphlet of 1904 the writer elicits from official reports that in ten years Expenditure has increased 60 per cent. The increase of National Debt is even more alarming.]

CHAPMAN (Prof. S. J.). *A Reply to the Report of the Tariff Commission on the Cotton Industry (Free Trade League)*. Manchester and London: Sherratt and Hughes. 1905. Pp. 169.

CHAPMAN (Prof. S. J.). *The Cotton Industry and Trade*. London: Methuen. 1905. Pp. 175.

CHIOZZA-MONEY (L.). *Riches and Poverty*. London: Methuen. 1905. Pp. 338.

CROSS (J. W.). *The Rake's Progress in Finance*. London: Blackwood. 1905. Pp. x. + 152.

[Parts reprinted from the *Nineteenth Century*.]

DAWBARN (C. Y. C.). *The Principles of Employment*. Liverpool: 1905. Pp. 68.

GOSCHEN (RIGHT HON. VISCOUNT). *Essays and Addresses on Economic Questions (1865—1893), with introductory notes (1905)*. London: E. Arnold. 1905. Pp. 354.

[Reviewed above.]

HARMSWORTH. *Encyclopædia*.

[This publication calls for notice here on account of the excellent article on *Economics* by Mr. L. L. Price in the 13th part of the *Encyclopædia*.]

MORAN (—). *Business of Advertising*. London: Methuen. 1905.

[There are chapters on art and advertising, the rating of advertisements, restrictions imposed by law, and on the experiment of the Bill-posters' Committees for the censorship of posters.]

PLUNKETT (SIR HORACE). *Ireland in the New Century*. Third edition. London: Murray. 1905. Pp. 340. (Popular edition, 1s.)

[The principal additions to the first edition, which was reviewed in the *Economic Journal*, 1904, are in Chapter II., designed "to give the reader a deeper insight into what for some years to come will be the chief problem of Irish administration, the establishment of a peasant proprietary upon a sound and economic foundation," and an epilogue replying to criticisms as to the author's views on the national character, and in the relation of industry to politics and to religion.]

ROBERTSON (W. B.). *Foundations of Political Economy*. London: Walter Scott Publishing Co. 1905. Pp. 259.

BLACKMAR (F. W.). *The Elements of Sociology*. New York: Macmillan Co. 1905. 12mo. Pp. 450.

BULLOCK (C. J.). *The Elements of Economics*. New York: Silver, Burdett, and Co. 1905. 12mo. Pp. 385.

[A text-book for secondary schools: shorter and more elementary than the same author's *Introduction to Economics*, and substantially a new book.]

COMAN (PROFESSOR CATHARINE). *The Industrial History of the United States*. New York: Macmillan Co. 1905. Pp. 343.

[The work is designed for the use of high schools and colleges. Its value is enhanced by hundreds of illustrations and copious references, including a list of "industrial novels."]

COMMONS (J. R., editor). *Trade Unionism and Labour Problems*. Boston: Ginn and Co. 1905. 8vo. Pp. vii + 612.

[In the series of *Selections and Documents in Economics*, edited by Prof. W. Z. Ripley.]

HAINES (H. S.). *Restrictive Railway Legislation*. New York: Macmillan Co. 1905. 8vo. Pp. 355. \$1.25.

[Twelve lectures, by an experienced railroad manager, upon railway organization, management, and control. "The obvious policy is to recognise, as a fundamental principle, private ownership under Government supervision, corresponding to the public nature of the functions that the corporations are expected to discharge."]

HOSTOS (E. M. de). *Tratado de Sociología*. Madrid: Bailly-Baillière e Hijos. 1904. 12mo. Pp. 272.

[A systematic treatise by an eminent South American scholar.]

JUSTI (H.). *Papers and Addresses on Phases of the Labour Problem*. Springfield, Ill.: The Author. 1905. 8vo. Pp. 80.

[Reprinted papers by the well-known Commissioner of the Illinois Coal Operators' Association, on the open shop, trade agreements, and labour problems in the South. A correspondence with President Eliot on trade agreements is included.]

MEEHER (ROYAL). *History of Shipping Subsidies*. (American Economic Association.) 1905. Pp. 229.

[The writer's carefully considered verdict is against subsidies.]

MEYER (H. R.). *Government Regulation of Railway Rates: A Study of the Experience of the United States, Germany, France, Austria, Hungary, Russia, and Australia*. New York: Macmillan Co. 1905. 8vo. Pp. 513. \$1.50.

[The conclusion is against Government regulation in any form. The author is assistant professor at the University of Chicago.]

NEWCOMB (H. T.). *The Regulation of Interstate Railways*. Washington: B. S. Adams. 1905. 8vo. Pp. 23.

[Opposes further regulation.]

NEWCOMB (H. T.). *Municipal Socialism*. Washington: G. E. Howard. 1905. 8vo. Pp. 50.

[An attack upon municipal ownership.]

POPE (JESSE E.). *The Clothing Industry in New York* (University of Missouri Studies). University of Missouri. 1905. Pp. 399.

[The author of this elaborate study is Professor of Economics and Finance. The subject-matter is the production of "men's and children's outside wearing apparel and women's cloaks." There are chapters on the movement of wages, trade-unions, the sweating system, &c.]

RAE (JOHN). *The Sociological Theory of Capital. Being a complete reprint of the New Principles of Political Economy, 1834*.

No. 60.—VOL. XV.

x x

Edited, with Biographical Sketch and Notes, by Professor Charles Mixer. New York: Macmillan Co. 1905. Pp. 485.

[The veil which has hitherto hung over the early life of the theorist so highly praised by Mill is removed by the biography. The classical text is illuminated by judicious notes.]

REINSCH (Prof. PAUL S.). Colonial Administration. (Citizens' Library.) New York: Macmillan Co. Pp. 422.

TAYLOR (H. C.). Introduction to the Study of Agricultural Economics. New York: Macmillan Co. 1905. 12mo. Pp. 327. \$1.25.

WHITAKER (A. C.). History of Criticism of the Labour Theory of Value in English Political Economy. (Columbia University Studies.) New York: Macmillan Co. 1904.

WILLIS (H. P.). Our Philippine Problem. New York: Henry Holt. 1905. 12mo. Pp. xiii + 479.

[A valuable work.]

ZIMMERMANN (L. W.). Taxation of Land Values. Manchester: H. Elverston. 1905.

[An account of the movement to change the basis of English local rates from the letting value of real property to land values.]

ALFASSA (GEORGE). La crise agraire en Russie. (Quarante ans de propriété collective.) Avec un préface de Prof. Flach. Paris: Giard.

DAMASCHKE (ADOLF). La Réforme agraire: Contributions théoriques et historiques. Traduit d'après la troisième édition allemande et adapté à la situation de la propriété foncière en France par Otto Karmin. Paris: Giard. 1905. Pp. 227. 3 fr.

[The author is the president of the German society for agrarian reform, of which the object is to make the land available for cultivation and residence, while reserving the surplus value or unearned increment to the community. The proposed reforms are recommended by the experience of Kiautehou, the most flourishing of the German colonies.]

DECHESNE (LAURENT). Syndicats Ouvriers Belges. Paris: Larose. 1906. Pp. 120.

EICHTHAL (EUGÈNE D'). La formation des richesses et ses conditions sociales actuelles. Notes d'Économie Politique. Paris: Alcan. 1905.

[In the light of modern political economy the fundamental errors of Socialists are exposed.]

GUYOT (YVES). La Comédie Protectionniste. Paris: Fasquette. 1905. Pp. 466.

JOTSKO (J.). Entraînement et fatigue au point de vue militaire. Avec un préface de Charles Richet. (Solway institut de Sociologie.) Brussels: Misch & Thron. 1905. Pp. 100.

[Military service for longer than six months is useless.]

LECOQ (MARCEL). L'assistance par le travail et les jardins ouvriers en France. Paris: Giard. 1906.

[The system of workmen's gardens is described as a remedy for unemployment.]

MOLINARI (G. DE). Questions Économiques à l'ordre du jour. Paris: Guillaumin and Co. 1905. Pp. 387.

[A reprint of his articles on current topics published in the *Journal des Économistes* between 1901 and 1904.]

NOUVION (GEORGES DE). Monopole et Liberté. Frédéric Bastiat: Sa Vie, ses Œuvres, ses Doctrines. Paris: Guillaumin and Co. 1905. Pp. iv and 370. 8vo.

[Rather more doctrinal and less biographical than M. Ronce's work on the same subject (see below), it has also obtained a prize from the *Académie des Sciences Morales et Politiques*.]

PETTY (SIR WILLIAM). Les œuvres économiques de. Traduit de l'anglais par H. Dussauze et Maurice Pasquier, avec une préface de Albert Schatz. Paris: Giard et Brière. 1905. 2 vols. 8vo. Pp. xx + 348, 381.

[It is a remarkable fact that a French publisher should be found sanguine enough to produce this expensive translation of a portion of Petty's writings. Apparently Dr. Hull's admirable edition, printed at the Cambridge University Press in 1899, has found in France some admirers so enthusiastic as to wish to introduce Petty to the acquaintance of those French economists who (we hope a diminishing number) are unable to read English, or, at any rate, the English of Petty, which M. Schatz finds difficult and technical enough or archaic enough to daunt many a good intention. The translation appears from a comparison of selected passages to be well done.]

QUERTON (L.). L'augmentation du rendement de la Machine humaine. (Solway institut de Sociologie.) Brussels: Misch & Thron. 1905. Pp. 216.

QUERTON (L.). Assurance et Assistance mutuelles au point de vue Médicale. (Solway Institut de Sociologie.) Brussels: Misch & Thron. 1905. Pp. 145.

RONCE. Frédéric Bastiat: Sa Vie, son Œuvre. Paris: Guillaumin and Co. 1905. Pp. iv and 316. Small 8vo.

[A Prize Essay of the *Académie des Sciences Morales et Politiques*, and an interesting biography of the most lively of economic writers.]

AUSGEWÄHLTE SCHRIFTEN VON DR. FRIEDRICH SCHULER. Edited by H. Wegmann. Karlsruhe.

[A good appendix to Dr. Landmann's book. After the death of the first chief factory inspector of Switzerland, Dr. Schuler, his friend and successor has edited a collection of his best writings. Dr. Schuler was a man like L. Horner, the type of a first-class factory inspector.]

DIEHL (Prof. Dr. KARL). David Ricardo's Grundgesetze der Volkswirtschaft und Besteuerung, Band 2, 3. (Sozialwissenschaftliche Erläuterungen.) Zweite neuverfasste Auflage. Leipzig: Engelmann. 1905. Pp. 427, 529.

FRISCH (Dr. WALTER). Die Organisationsbestrebungen der Arbeiter in der deutschen Tabakindustrie. Leipzig: Duncker & Humblot. 1905. Pp. 252.

HERKNER (HEINRICH). Die Arbeiterfrage. 4th edition. Berlin.

[This introduction to a study of the working men's movement, mostly in Germany and some neighbouring countries, has met with growing success. The author is Professor of Political Economy at the University of Zurich (Switzerland). Each edition has been enlarged by most careful additions bearing on all sides of the movement, either in public life or in literature.]

HESS (WALTER). *Einfache und höhere Arbeit.* Jena: G. Fischer, 1905. Pp. 75.

HOCHSTETTER (DR. FRANZ). *Die wirtschaftlichen und politischen Motive für die Abschaffung des britischen Sklavenhandels im Jahre 1806-7.* (Sozialwiss. Forschungen "Schmoller.") Leipzig: Duncker & Humblot. 1905. Pp. 120.

KNAPP (G. F.). *Staatliche Theorie des Geldes.* Leipzig: Duncker & Humblot. 1905. Pp. 397.

KRUKENBERG (E.). *Die Frauenbewegung, ihre Ziele und ihre Bedeutung.* Tübingen.

[A very good book, written by a German lady, giving a review of the present state of the women's movement in Germany in all its different directions.]

LANDMANN (JULIUS). *Die Arbeiterschutzgesetzgebung des Schweiz.* Basel.

[The author is secretary of the International Board for Labour Protection at Basle. He has published several able writings on the history of financial and banking matters in Switzerland. He now gives us a highly useful work on the Labour Laws of Switzerland, of the Confederation as well as of the twenty-six Cantons. It is the result of a great deal of laborious research. The name is too modest for the contents of the book. It is "Labour Protection Laws," in the very widest sense, not in the usual narrower sense of labour protection—i.e., Factory and Workshop Legislation.]

MANNSTADT (H.). *Die Kapitalische Anwendung der Machinerie.* Jena: G. Fischer. 1905. Pp. 103.

OSWALT (H.). *Vorträge über Wirtschaftliche Grundbegriffe.* G. Fischer. Jena: 1905. Pp. 182.

PHILIPPOVITCH (DR. E.). *Individuelle verantwortlichkeit und gegenseitige hilfe zu Wirtsschaftsleben.* Wien: Universität. 1905. Pp. 55.

[The valuable lessons contained in this inaugural address delivered by the Rector of the University of Vienna may be obtained in a French version in the *Revue Economique Internationale* for October (above, p. 640).]

PIERSTORFF (JULIUS). *Ernst Abbe als Sozialpolitiker.* München.

[A most interesting obituary notice, written by Prof. Pierstorff, of the University of Jena on his late colleague, the mathematical physicist, Professor Ernst Abbe. He was a wonderful man, who for a long series of years was at the head of a large establishment for the making of optical instruments and the like, and brought it to a high pitch of perfection, with about 2,000 men under his direction. The very large yearly profits of about £20,000 he gave up to public benefactions. He founded remarkable institutions for the benefit of the working-men of his establishment, and kept for himself only a modest income. The establishment itself is so organised as to survive its distinguished founder.]

RIGNANO (EUGENIO). *Los von der Erbschaft.* Translated into German by O. Südekum from the French of Dr. A. Landry. With a Preface by E. Bernsteih. Berlin: Wigan. 1905. Pp. 99.

SCHWEIZER. *Gechichte der Nationalökonomik in der Monographien über Colbert, Turgôt, Smith, Marx.* III. Individualismus von Smith. Ravensburg: Alber. Pp. 257.

STRIEDER (J.). *Erganzungsheft XVII. Inventur der Firme Fugger aus dem Jahre 1527.* Introduced and Edited by J. Strieder.

VEREINS FÜR SOZIALPOLITIK, SCHRIFTEN DES. Vol. 102. Die

Schiffahrt der Deutschen Ströme. Drittes Band. Leipsic: Mit Beiträge von W. Nasse, F. Schulte und A. Wirminghaus.

[This large volume is another instalment of the publications of the *Verein für Socialpolitik* on inland navigation of Germany in its relations to railway transportation—the question treated by Mr. W. M. Acworth in the June number of the *ECONOMIC JOURNAL*.]

WOLFF (DR. JULIUS). Die argentinische Währungsreform von 1899. (Sozialwiss. Forschungen. "Schmoller.") Leipsic: Duncker & Humblot. 1905. Pp. 131.

FANNO (MARCO). L'espansione commerciale e coloniale degli stadi moderni. Turin: Bocca. 1905. Pp. 499.

FANNO (MARCO). Il regime e la concessione delle terre nelle Colonie moderne. Pisa: Archivio Giuridico. 1905. Pp. 272.

MONTEMARTINI (G.). La donna nell'industria italiani. Studi di demografia e di economia industriale. (Pubblicazione del ministero d'agricoltura, industria, e commercio. Ufficio del lavoro.) Rome: Bertero. 1905. 8vo. Pp. 224.

PARETO (VILFREDO). Manuale di Economia Politica. Con una introduzione alla Scienza Sociale. (Piccola Biblioteca Scientifica.) Milan: Società editrice. 1906. Pp. 579.

VECCHIO (G. DEL). Prodotto netto e monopolio. Bologna: A. Noè. 1905. 8vo. Pp. 138.

